



Board of Audit of Japan

Year 2026



Message from the President, Board of Audit



This booklet provides an explanation of the mandate, organization, and activities of the Board of Audit as well as the outline of the FY2024 Audit Report.

On November 5, 2025, the Board of Audit sent the FY2024 Audit Report on findings and other matters from the Board of Audit's audit activities in 2025 to the Cabinet. The Audit Report, along with the final accounts of the expenditures and revenues of the State, was submitted to the Diet on November 18 of that year.

The Board of Audit has conducted audits in 2025 with particular emphasis on whether the financial management is properly conducted in conformity with the approved budgets and laws (Regularity) and whether the programs and projects

achieve the intended results and produce the expected effects (Effectiveness), in various fields such as ensuring safety of people's lives, social security, defense, and digitalization. The FY2024 Audit Report identifies 319 cases totaling 54 billion yen as audit findings.

Japan's society and economy is facing significant challenges to tackle issues such as accelerating population decline and the rapid aging of society with a low birthrate, persistent high prices, severer and complex national security, increased frequency and severity of natural disasters and delay in the digitalization of the government. Against this backdrop, the Japanese government is promoting initiatives such as (i) building a social security system for all generations, (ii) measures to cope with the declining birthrate and enhance the well-being of children and young people, (iii) growth-oriented economy driven by wage increases and investment, (iv) fundamentally reinforcing defense capabilities, (v) disaster management and mitigation and national resilience, and (vi) efforts to build a digital society. As a result, the total amount of the general account budget has increased compared to the pre-COVID-19 pandemic. Meanwhile, as for the fiscal position of the Japanese government, continual issuance of government bonds is steadily increasing the outstanding debt, which is estimated to reach about 1145 trillion yen (166% of GDP) at the end of FY2026, and poses a major challenge in achieving a sound fiscal position.

Moreover, the importance of grasping the results of the State budget execution and reflecting them in the following budgets is deliberated in the Diet, from the viewpoint of enhancing and strengthening fiscal administration control by the Diet.

In light of these circumstances, the Board of Audit will continue making utmost efforts to meet the expectations of the public.

It is my sincere hope that this booklet will serve to enhance your understanding of the Board of Audit.

June 2026

HARADA Yuhei
President
Board of Audit

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History of the Board of Audit

The Board of Audit (hereinafter referred to as ‘the Board’) originates from a division established in 1869 under the forerunner of the Ministry of Finance in the previous form of the current Cabinet of Japan, called “Dajokan”. Through several changes in its name, the Board was organized as an auditing organ under the direct control of the “Dajokan” in 1880. Following promulgation of the Meiji Constitution in 1889, the Board acquired constitutional status and reviewed public finances over the next sixty years as an independent organ directly subordinate to the Emperor.

In 1947, with the enactment of the Constitution of Japan, the present Board of Audit Act came into effect pursuant to Article 90 of the Constitution, which made the Board independent of the Cabinet. Important changes were as follows:

- 1) The relationship with the Diet was strengthened;
- 2) The scope of the audit was expanded; and
- 3) Measures were established by which the results of the Board’s audit could be immediately reflected in the public administration.

As a constitutional organization that is independent of the Cabinet and belongs to neither the Diet nor the Courts, the Board audits State accounts as well as those of public organizations and other bodies as provided by law, and also supervises financial management to ensure its adequacy.

The Board has been given the mandate of reviewing the public finance since its establishment in 1880, despite some changes in its status.

Every country in the world has its own government auditing institution, while varying in name, status or type of organization, in order to ensure proper administration of public finances.

The Constitution of Japan

Article 90 Final accounts of the expenditures and revenues of the State shall be audited annually by a Board of Audit and submitted by the Cabinet to the Diet, together with the statement of audit, ^(Note) during the fiscal year immediately following the period covered. The organization and competency of the Board of Audit shall be determined by law.

The Board of Audit Act

Article 1 The Board of Audit is independent from the Cabinet.

Article 20 (1) The Board of Audit audits the final accounts of the revenues and expenditures of the State, pursuant to the provisions of Article 90 of the Constitution of Japan, and also audits the accounts provided for by law.

(2) The Board of Audit continuously conducts audit, supervises financial management, ensures its adequacy, and rectifies any defects.

(3) The Board of Audit is to conduct audits in terms of accuracy, regularity, economy, efficiency, effectiveness, and from other perspectives necessary for auditing.

(Note) The statement of audit is also called the Audit Report.

Status of the Board

The Board is a constitutionally independent organization which audits the final accounts of the revenues and expenditures of the State, accounts of government affiliated institutions and incorporated administrative agencies, and those of bodies which receive financial assistance from the State such as subsidies.

State activities are implemented through the State budget execution. **The State budget** is formulated by the Cabinet, deliberated and approved by the Diet and then executed by ministries, agencies and other public bodies. **The final accounts of the revenues and expenditures of the State**, which are the results of the State budget execution, are prepared by the Cabinet and deliberated on in the Diet.

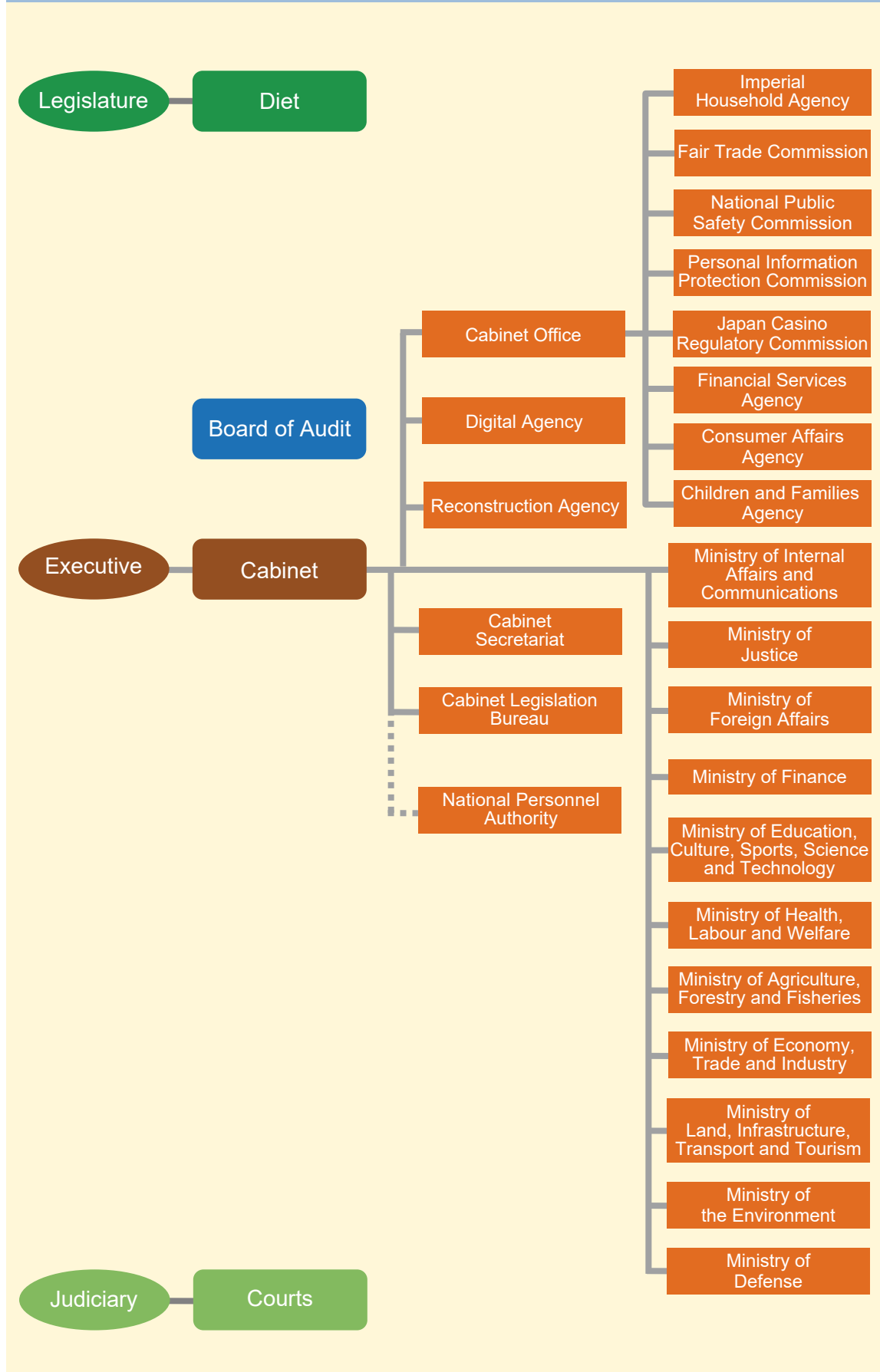
For sound management of administrative and financial operations of the State, it is essential to audit whether the budget has been executed properly and effectively, and to ensure that audit results be reflected in the State budget formulation and execution in the following year.

To achieve this purpose, the Constitution provides that the final accounts of the expenditures and revenues of the State shall be audited annually by **the Board of Audit** and submitted by the Cabinet to the Diet, together with **the audit report**, during the fiscal year immediately following the period covered.

In addition, the accounts of national properties, claims held by the State and State obligations are also audited by the Board. Furthermore, accounts of entities whose stated capital has been contributed by the State and local public entities which receive financial assistance from the State are also subject to the Board's audit.

The Board is a constitutional organization **which is independent of the Cabinet and belongs to neither the Diet nor the Courts** for the purpose of strictly performing such important functions without any interference by any other bodies.

◆ Organization Chart of the Government of Japan ◆



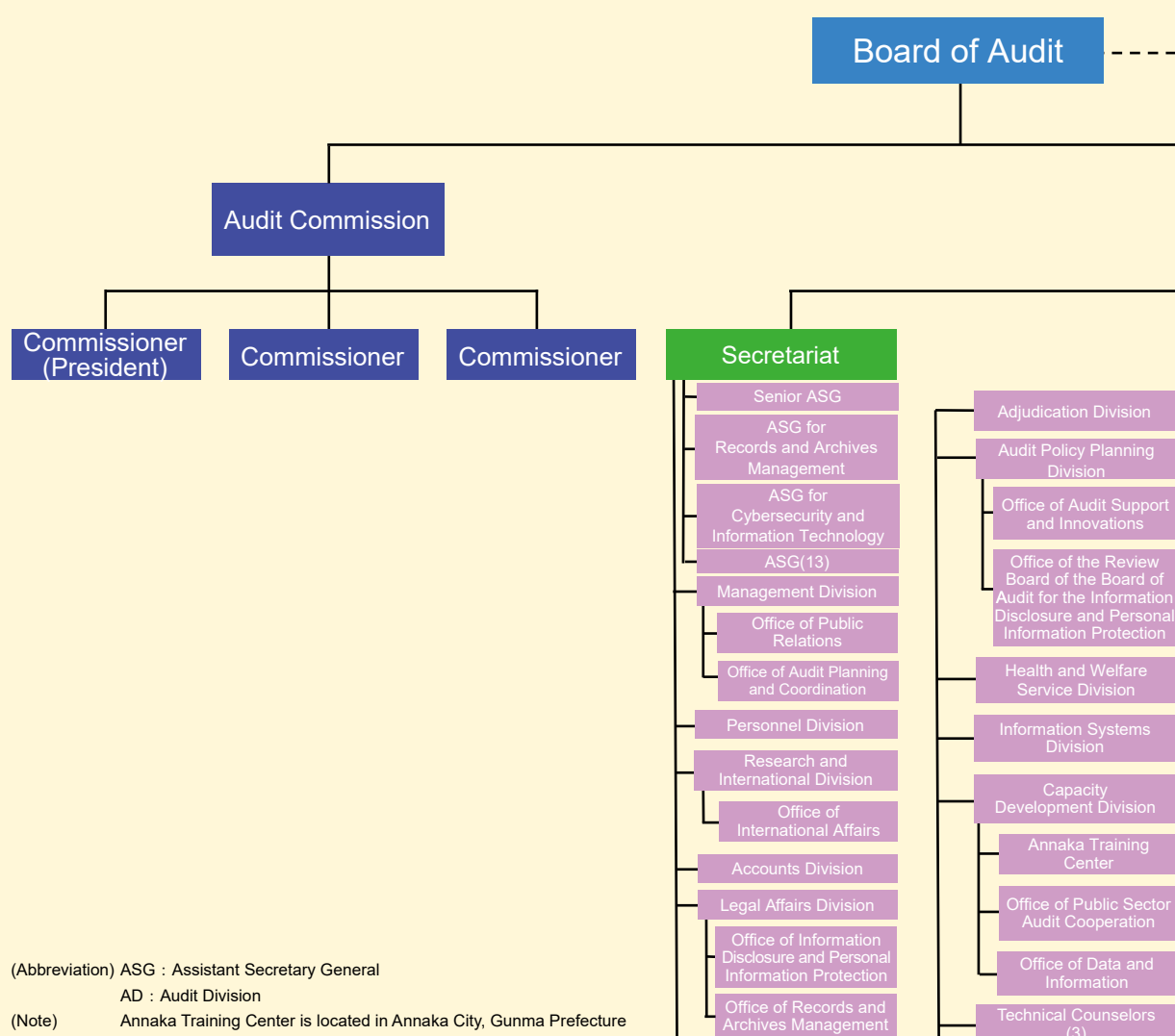
Organization of the Board

The Board is composed of the Audit Commission, a decision-making organ, and the General Executive Bureau, an executive organ.

Decision-making and executing functions are separated to ensure discreet decision-making and fair judgment.

Audit Commission

The Audit Commission, comprising of three Commissioners, makes the Board's decisions by consensus of the Commissioners, as well as directing and supervising activities carried out by the General Executive Bureau.

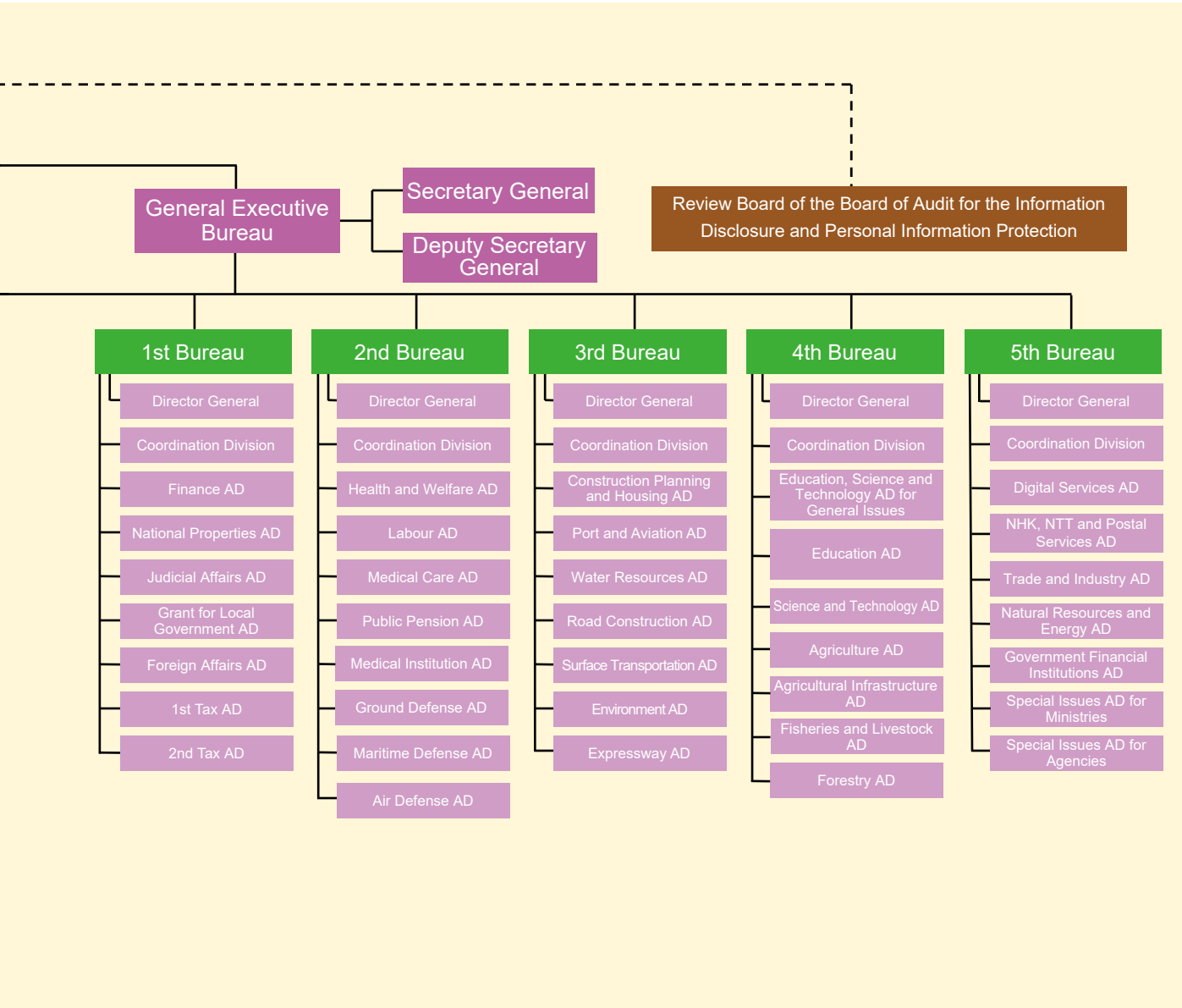


The Audit Commission adopts a consensus system to ensure fairness and adequacy in its judgments.

Commissioners are appointed by the Cabinet with the consent of both Houses of the Diet. The Emperor attests to the appointment of the Commissioners. A Commissioner holds office for a five-year term, and their status is guaranteed during the term to ensure the Board’s independence.

A person elected by the Commissioners from among themselves is appointed President of the Board by the Cabinet. The President represents the Board and presides over the Audit Commission.

(as of January 2026)



■ General Executive Bureau

The General Executive Bureau is comprised of the Secretariat and five bureaus, under which many divisions are set up to perform audits and administrative work.

Audit activities are performed by the five bureaus. The following table shows the responsibility of each bureau and division.

(as of January 2026)

Bureau	Audit Division	Ministries and Bodies subject to Audit
1st Bureau	Finance AD	Consolidation of the audit of the State final accounts, credits, and goods carried out by the Board / Diet / Cabinet / Cabinet Office(except for the matters on which the other Audit Divisions are in charge of audits in Cabinet Office) / Imperial Household Agency / Financial Services Agency / Ministry of Finance(except for the matters on which the other Audit Divisions are in charge of audits in Ministry of Finance) / Bank of Japan / Deposit Insurance Corporation of Japan / Special issues on which the Secretary General of the Board requires the cross-division audit concerning the fiscal condition to be conducted as audit on financial management of the State
	National Properties AD	Consolidation of the audit of national property carried out by the Board / National Personnel Authority / Fair Trade Commission / Japan Casino Regulatory Commission / Consumer Affairs Agency / Japan Mint / National Printing Bureau / Japan Tobacco Inc. (JT)
	Judicial Affairs AD	Courts / Board of Audit / National Public Safety Commission / Ministry of Justice / Immigration Services Agency of Japan / Public Security Intelligence Agency / Japan Legal Support Center
	Grant for Local Government AD	Office for Promotion of Regional Revitalization (Cabinet Office) / Reconstruction Agency / Ministry of Internal Affairs and Communications (MIC) (except for the matters on which the other Audit Divisions are in charge of audits in MIC) / Fire and Disaster Management Agency
	Foreign Affairs AD	Ministry of Foreign Affairs / Japan International Cooperation Agency (JICA) / Japan Foundation
	1st Tax AD 2nd Tax AD	Tax Bureau of Ministry of Finance / Customs and Tariff Bureau of Ministry of Finance / National Tax Agency / Customs
2nd Bureau	Health and Welfare AD Labour AD Medical Care AD Public Pension AD Medical Institution AD	Children and Families Agency / Ministry of Health, Labour and Welfare / Japan Pension Service / Welfare and Medical Service Agency / National Hospital Organization / Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers / Government Pension Investment Fund
	Ground Defense AD Maritime Defense AD Air Defense AD	Ministry of Defense / Acquisition, Technology and Logistics Agency / Ground, Maritime and Air Self-Defense Forces
3rd Bureau	Construction Planning and Housing AD Port and Aviation AD Water Resources AD Road Construction AD Surface Transportation AD Expressway AD	Ministry of Land, Infrastructure, Transport and Tourism (MLIT) / Tourism Agency / Meteorological Agency / Coast Guard / Urban Renaissance Agency / Japan Water Agency / Japan Railway Construction, Transport and Technology Agency / Narita and New Kansai International Airport Co., Ltd.s / East Nippon, Central Nippon, West Nippon and Honshu-Shikoku Bridge Expressway Co., Ltd.s
	Environment AD	Ministry of the Environment / Environmental Restoration and Conservation Agency / Japan Environmental Storage & Safety Corporation
4th Bureau	Education, Science and Technology AD for General Issues Education AD Science and Technology AD	Ministry of Education, Culture, Sports, Science and Technology / Japan Sports Agency / Agency for Cultural Affairs / The Promotion and Mutual Aid Corporation for Private Schools of Japan / Japan Science and Technology Agency / Japan Sport Council / Japan Student Services Organization / RIKEN / Japan Aerospace Exploration Agency / Japan Atomic Energy Agency / National University Corporations
	Agriculture AD Agricultural Infrastructure AD Fisheries and Livestock AD Forestry AD	Ministry of Agriculture, Forestry and Fisheries / Forestry Agency / Fisheries Agency / Japan Racing Association / Agriculture & Livestock Industries Corporation / National Agriculture and Food Research Organization / Forest Research and Management Organization
5th Bureau	Digital Services AD	Digital Agency / Global Strategy Bureau, Information and Communications Bureau, Telecommunication Bureau, and Director-General for Cybersecurity of the MIC / National Institute of Information and Communications Technology / Special issues on which the Secretary General of the Board requires audit concerning the accounting related to Information and Communications
	NHK, NTT and Postal Services AD	Japan Post Holdings Co., Ltd / Organization for Postal Savings, Postal Life Insurance and Post Office Network / Japan Broadcasting Corporation (NHK) / NTT, Inc.
	Trade and Industry AD Natural Resources and Energy AD	Ministry of Economy, Trade and Industry / Agency for Natural Resources and Energy / Japan Patent Office / Small and Medium Enterprises Agency / National Institute of Advanced Industrial Science and Technology / Japan External Trade Organization / New Energy and Industrial Technology Development Organization / Japan Organization for Metals and Energy Security/ Nuclear Damage Compensation and Decommissioning Facilitation Corporation
	Government Financial Institutions AD	The Okinawa Development Finance Corporation / Japan Finance Corporation / Japan Housing Finance Agency / Development Bank of Japan, Inc
	Special Issues AD for Ministries Special Issues AD for Agencies	Audit in response to the requests by the Diet based on the provision of the Diet Act / Special issues on which the Secretary General of the Board requires audits

Among these divisions, both the Special Issues Audit Division for Ministries and the Special Issues Audit Division for Agencies of 5th Bureau do not have any specific ministries or agencies subject to their mandatory audit, and **conduct flexible and cross-cutting audits**.

The number of authorized personnel of the General Executive Bureau is 1,251 (as of January 2026). Many of these personnel are assigned to various audit divisions as **auditors** and **assistant auditors**.

The audit staff of the Board must have **a high level of competency in auditing**.

The term “Accounting,” that is subject to audit by the Board, does not just mean accounting for the incoming and outgoing funds or bookkeeping in a narrow sense, but covers broader issues of **whether tax payers’ money has been properly and effectively collected and used for implementing administrative activities of the State**. Auditors of the Board therefore must have **broad knowledge** of not only management and operations of the auditees, but also of other relevant fields such as law, finance, economics, electricity, digital services, machinery, civil engineering, construction.

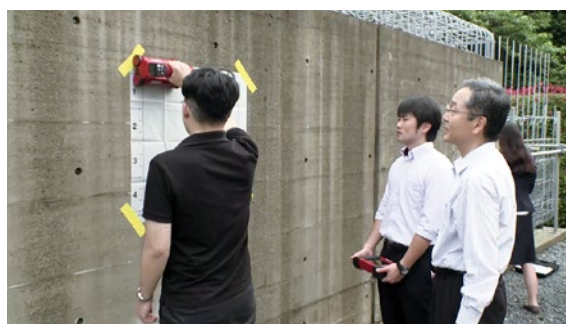
The Board recruits its staff from those **who have passed the Public Service Entrance Examination conducted by the National Personnel Authority**. Besides those who have specialized in law and economics, the Board recruits a considerable number of personnel who specialized in electricity, digital services, civil engineering, construction from a list of successful examinees.

The Board also utilizes outside expertise by recruiting mid-career staff or by employing as fixed-term staff from those who have specialized knowledge and skills, such as certified public accountants (CPA).

After recruitment, new staff members undergo extensive **training** and examinations in various fields to acquire necessary knowledge and skills, and then become auditors after several years of **audit experience**.

Auditors also have to attend **advanced professional training** in order to cope with more diversified and specialized administrative activities of the auditees.

To strengthen its training activities in order to improve the auditing competency of its staff, the Board established **a training center** (refer to page 8) and provides systematic training to its staff.



Training sessions

Training System of the Board

The Board provides the following **training** to its staff.

- 1) A course for **new recruits and other general staff** to learn basic knowledge that is necessary for audit work such as knowledge on financial and accounting systems, fundamental auditing techniques and construction field
- 2) A course for **assistant auditors** to improve their auditing competency by learning practical auditing techniques through study of audit cases reported in the Audit Report
- 3) More advanced professional courses for **auditors** to further upgrade their auditing skills by learning in-depth knowledge in various fields such as corporate accounting and digital technology
- 4) Training through dispatching staff to **outside educational institutes** (graduate schools in Japan and abroad, National Tax College, etc.) to acquire professional knowledge and skills in specific fields

The in-house training courses described in 1)-3) above are mainly held at the **Annaka Training Center** (Annaka City, Gunma Pref., about 110 kilometers northwest of Tokyo), a training center with accommodation facilities. The Center has **construction audit training facilities**, including full-scale structure models for practical training of construction audits.



Annaka Training Center



Full-scale structure models
(Bridge models)

Audit Activities

Aims of the Audit

The basic mandate of the Board is to ensure the adequacy of financial management by continuously auditing and supervising financial management, and to verify the final accounts of the revenues and expenditures of the State based on the results of the audit.

(1) Supervision of financial management

The Board continuously audits and supervises financial management to ensure adequacy and to rectify any defects.

When the Board finds cases of improper or unreasonable financial management in the course of its audit, the Board not only points out these improper cases, but also performs a positive function of facilitating their rectification and improvements by identifying the cause of such improprieties.

For this reason, the Board is given a mandate to present its opinions to, or demand auditees to take measures for the improvement, if the Board finds that there are items that violate laws and regulations on financial management or that are improper, or if the Board finds that there are any matters concerning laws and regulations, systems or administration that need to be improved.

(2) Verification of the final accounts of the revenues and expenditures of the State

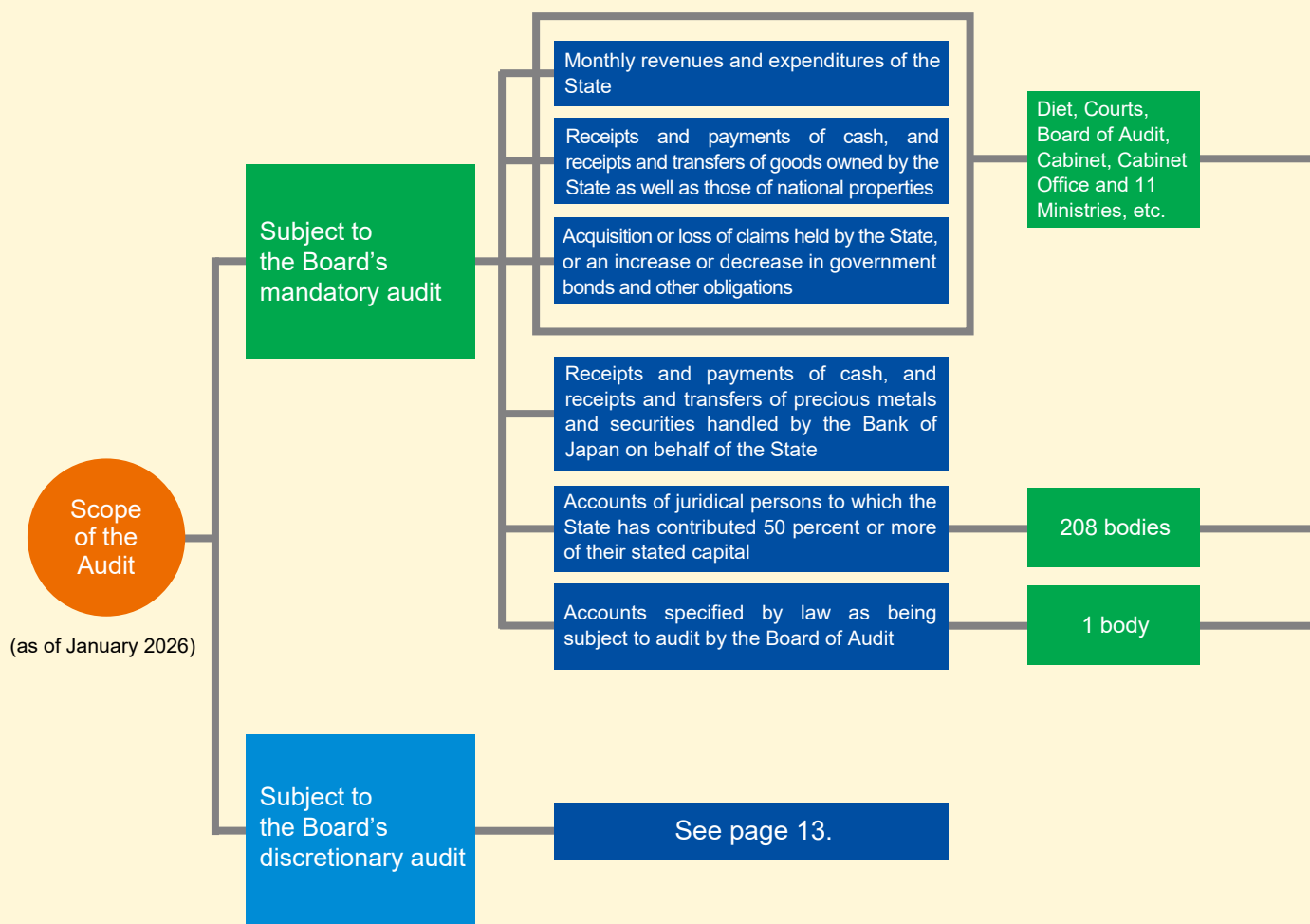
Verifying the final accounts of the revenues and expenditures of the State is another aim of the audit by the Board. The Board has a mandate to verify them based on the results of audit.

Verification of the final accounts of the revenues and expenditures of the State means to declare completion of the audit after determining the accuracy of the statements and adequacy of financial management.

The Constitution stipulates that the final accounts of the expenditures and revenues of the State shall be submitted by the Cabinet to the Diet together with the Audit Report of the Board. Thus, an official declaration of completion of the audit by the Board enables the submission of the final accounts of the expenditures and revenues of the State by the Cabinet to the Diet.

Scope of the Audit

The scope of the audit by the Board is classified into two categories, i) those which the Board must audit regularly (**mandatory audit subject**) and ii) those which the Board may audit when the Board finds it necessary (**discretionary audit subject**), ranging from the whole of State accounts to the accounts of entities whose stated capital has been contributed by the State and prefectures, municipalities and other organizations as grantees of subsidies and other financial assistance from the State.



To conduct an audit of those which are subject to the Board's discretionary audit, an Audit Commission decision is required. The Board notifies such decision to the relevant auditees.

Refer to the "Organization Chart of the Government of Japan" on page 3.

**Government
Affiliated
Institutions**
4 bodies

The Okinawa Development Finance Corporation
Japan Finance Corporation
Account of ODA Loan of Japan International Cooperation Agency (Note 1: see page 13.)
Japan Bank for International Cooperation

Others
38 bodies

The Promotion and Mutual Aid Corporation for Private Schools of Japan
Bank of Japan
Japan Racing Association
Deposit Insurance Corporation of Japan
Japan Environmental Storage & Safety Corporation
Narita International Airport Corporation
East Nippon Expressway Company Limited
Central Nippon Expressway Company Limited
West Nippon Expressway Company Limited
Honshu-Shikoku Bridge Expressway Company Limited
Japan Legal Support Center
Japan Health Insurance Association
Development Bank of Japan Inc.
Nippon Automated Cargo And Port Consolidated System, Inc.
Japan Investment Corporation
Japan Pension Service
Nuclear Damage Compensation and Decommissioning Facilitation Corporation
Agricultural and Fishery Co-operative Savings Insurance Corporation
New Kansai International Airport Company, Ltd.
Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE)
Private Finance Initiative Promotion Corporation of Japan (PFIPCJ)
Cool Japan Fund Inc.
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development
Yokohama-Kawasaki International Port Corporation
Organization for Technical Intern Training
Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc.(Japan ICT Fund)
Nippon Export and Investment Insurance (NEXI)
Japan Green Investment Corp. for Carbon Neutrality (JICN)
Japan Financial Literacy and Education Corporation (J-FLEC)
GX Acceleration Agency
Japan Institute for Health Security
7 other bodies are under liquidation

Incorporated Administrative Agencies 82 bodies

National University Corporations and Inter-University
Research Institute Corporations 85 bodies

Nippon Hoso Kyokai (NHK : Japan Broadcasting Corporation)

See Page 12.

Incorporated Administrative Agencies 82 bodies

Incorporated Administrative Agencies

National Archives of Japan
National Research Institute of Brewing
National Institute of Special Needs Education
National Center for University Entrance Examinations
National Institution for Youth Education
National Women's Education Center, Japan
National Museum of Nature and Science
National Museum of Art
National Institutes for Cultural Heritage
Food and Agricultural Materials Inspection Center
National Livestock Breeding Center
National Institute of Technology and Evaluation
Japan agency of Maritime Education and Training for Seafarers
Civil Aviation College
National Institute for School Teachers and Staff Development
Labor Management Organization for USFJ Employees
National Agency for Automobile and Land Transport Technology
Japan Mint
National Printing Bureau
National Consumer Affairs Center of Japan
Agriculture & Livestock Industries Corporation
Agriculture, Forestry and Fisheries Credit Foundations
Northern Territories Issue Association
Japan International Cooperation Agency (JICA) (Note1 : see page 13)
Japan Foundation
Japan Society for the Promotion of Science
Japan Sport Council
Japan Arts Council
Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers
Welfare And Medical Service Agency (WAM)
National Center for Persons with Severe Intellectual Disabilities, Nozominosono
The Japan Institute for Labour Policy and Training
Japan External Trade Organization (JETRO)
Japan Railway Construction, Transport and Technology Agency
Japan National Tourism Organization (JNTO)
Japan Water Agency (JWA)
National Agency for Automotive Safety and Victims' Aid
Airport Land Development Organization
Information-Technology Promotion Agency, Japan
Japan Organization for Metals and Energy Security
Japan Organization of Occupational Health and Safety
National Hospital Organization
Pharmaceuticals and Medical Devices Agency
Environmental Restoration and Conservation Agency (ERCA)
Japan Student Services Organization

National Institute of Technology
National Institution for Academic Degrees and Quality Enhancement of Higher Education (NIAD-QE)
Organization for Small & Medium Enterprises and Regional Innovation, Japan
Urban Renaissance Agency
Fund for the Promotion and Development of the Amami Islands
Japan Expressway Holding and Debt Repayment Agency
Japan Community Health care Organization
Government Pension Investment Fund
Japan Housing Finance Agency
Organization for Postal Savings, Postal Life Insurance and Post Office Network
Organization for Workers' Retirement Allowance Mutual Aid

National Research and Development Agency

National Institute of Information and Communications Technology
National Institute for Materials Science
National Research Institute for Earth Science and Disaster Resilience
National Institute for Quantum and Radiological Science and Technology
National Agriculture and Food Research Organization
Japan International Research Center for Agricultural Sciences
Forest Research and Management Organization
Japan Fisheries Research and Education Agency
National Institute of Advanced Industrial Science and Technology
Public Works Research Institute
Building Research Institute
National Institute of Maritime, Port and Aviation Technology
National Institute for Environmental Studies
New Energy and Industrial Technology Development Organization (NEDO)
Japan Science and Technology Agency
RIKEN (The Institute of Physical and Chemical Research)
Japan Aerospace Exploration Agency
Japan Agency for Marine-Earth Science and Technology
National Institute of Biomedical Innovation, Health and Nutrition
Japan Atomic Energy Agency
National Cancer Center Japan
National Cerebral and Cardiovascular Center
National Center of Neurology and Psychiatry
National Center for Child Health and Development
National Center for Geriatrics and Gerontology
Japan Agency for Medical Research and Development

National University Corporations and Inter-University Research Institute Corporations 85 bodies

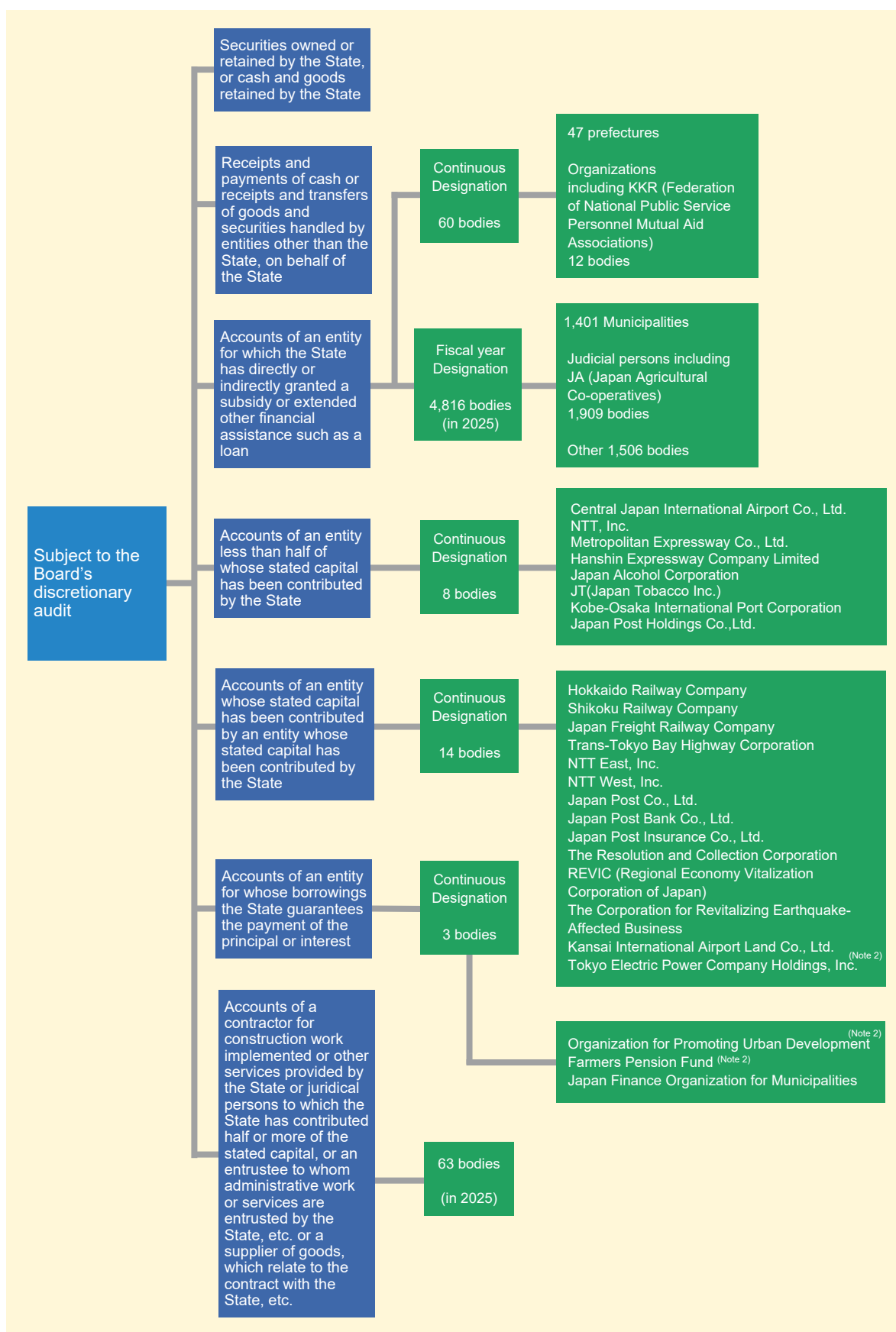
National University Corporations

Hokkaido University
Hokkaido University of Education
Muroran Institute of Technology
Hokkaido National Higher Education and Research System
Asahikawa Medical University
Hirosaki University
Iwate University
Tohoku University
Miyagi University of Education
Akita University
Yamagata University
Fukushima University
Ibaraki University
University of Tsukuba
Tsukuba University of Technology
Utsunomiya University
Gunma University
Saitama University
Chiba University
The University of Tokyo
Tokyo University of Foreign Studies
Institute of Science Tokyo
Tokyo Gakugei University
Tokyo University of Agriculture and Technology
Tokyo University of the Arts
Tokyo University of Marine Science and Technology
Ochanomizu University
University of Electro-Communications
Hitotsubashi University
Yokohama National University
Niigata University
Nagaoka University of Technology
Joetsu University of Education
University of Toyama
Kanazawa University
University of Fukui
University of Yamanashi
Shinshu University
Shizuoka University
Hamamatsu University School of Medicine
Tokai National Higher Education and Research System
Aichi University of Education
Nagoya Institute of Technology

Toyohashi University of Technology
Mie University
Shiga University
Shiga University of Medical Science
Kyoto University
Kyoto University of Education
Kyoto Institute of Technology
Osaka University
Osaka Kyoiku University
Hyogo University of Teacher Education
Kobe University
Nara National Institute of Higher Education and Research
Wakayama University
Tottori University
Shimane University
Okayama University
Hiroshima University
Yamaguchi University
The University of Tokushima
Naruto University of Education
Kagawa University
Ehime University
Kochi University
Fukuoka University of Education
Kyushu University
Kyushu Institute of Technology
Saga University
Nagasaki University
Kumamoto University
Oita University
University of Miyazaki
Kagoshima University
National Institute of Fitness and Sports in Kanoya
University of the Ryukyus
The National Graduate Institute for Policy Studies
The Graduate University for Advanced Studies
Japan Advanced Institute of Science and Technology
Nara Institute of Science and Technology

Inter-University Research Institute Corporations

National Institutes for the Humanities
National Institutes of Natural Sciences
High Energy Accelerator Research Organization
Research Organization of Information and Systems



(Note 1) In calculating the total number of the accounts of juridical persons to which the State has contributed half or more of the stated capital, Japan International Cooperation Agency includes Account of ODA Loan of Japan International Cooperation Agency.

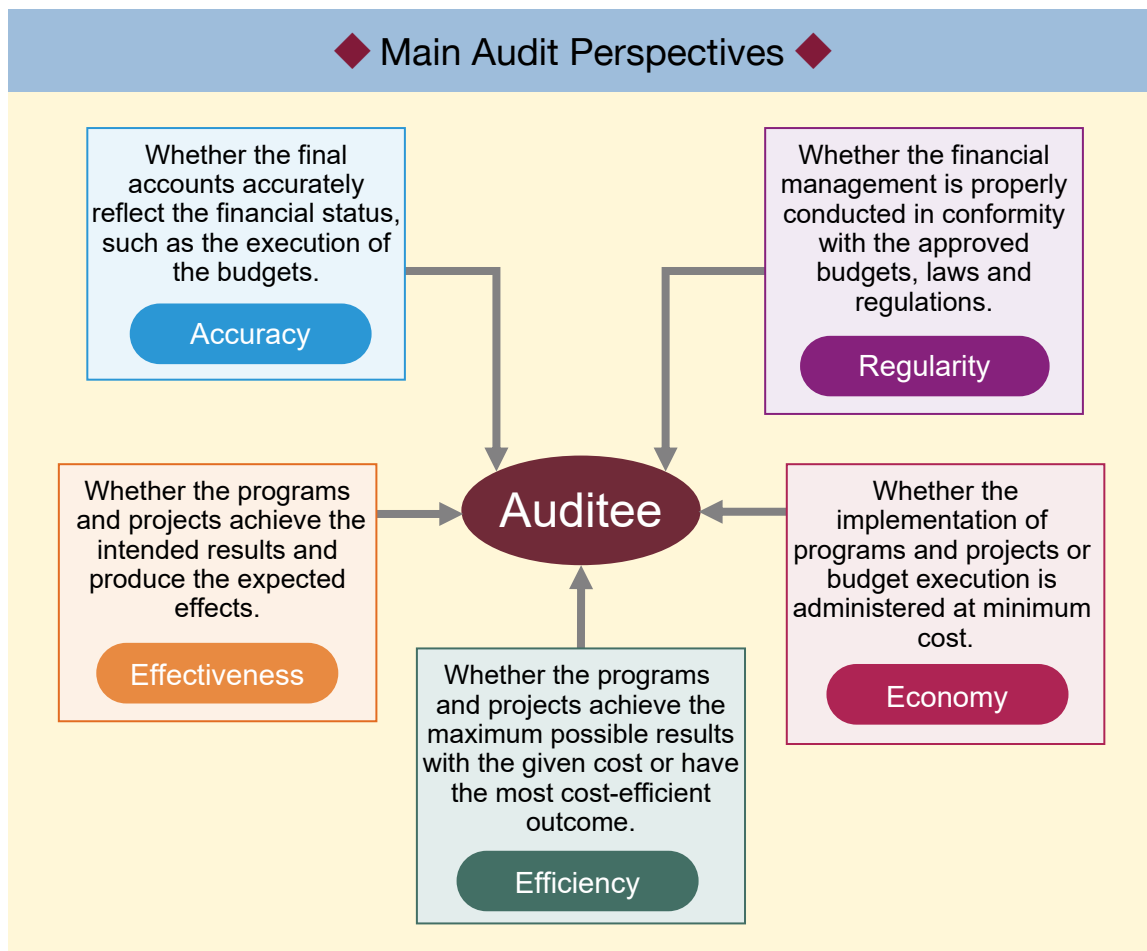
(Note 2) These 3 bodies are also included in the continuous designation of the accounts of an entity that the State has directly or indirectly granted a subsidy or extended other financial assistance such as a loan.

Perspectives of the Audit

The Board conducts audits with broad and diverse perspectives.

The Board conducts audits with such perspectives as i) whether the final accounts accurately reflect the financial status such as the execution of the budgets (**Accuracy**); ii) whether the financial management is properly conducted in conformity with the approved budgets, laws and regulations (**Regularity**); iii) whether the implementation of programs and projects or budget execution is administered at minimum cost (**Economy**); iv) whether the programs and projects achieve the maximum possible results with the given cost or have the most cost-efficient outcome (**Efficiency**); and v) whether the programs and projects achieve the intended results and produce the expected effects (**Effectiveness**).

The audit with the perspectives of Economy, Efficiency and Effectiveness is collectively called the '3E audit', derived from the initial letters of each word.



The followings are examples of the audit aspects, based on each perspectives of the Board's audits in major areas of auditing.

Areas of auditing	Examples of the audit aspects
General	Were cash inflow/outflow, revenue/expense, and owned properties/goods properly reflected in the statements of accounts and financial statements, etc., in conformity with the relevant laws, regulations and principles? (Accuracy) Were contracts concluded within the approved budget, and was the budget used in conformity with the relevant laws and regulations, and were there any misappropriations? (Regularity) Were management of credits, collection of revenues and disbursement made properly in conformity with the relevant laws and regulations, and were accounting records kept properly? (Regularity) Was the competitiveness well secured in regard to contract methods, selection of contractors and preparation of the specifications? (Economy)
Tax	In collecting tax, were the relevant laws and regulations applied properly, were the amounts of taxable income and profit, etc. properly identified as the basis for calculation of the tax amount, and were there any mistakes in calculation of the tax amount? (Regularity)
Social Security	Were any medical fees paid for improper medical claims? (Regularity) Were pensions paid to eligible recipients only, and were payment suspensions and adjustment of double pension applied properly where necessary? (Regularity) Was the collection of social insurance premiums and fees for welfare services from beneficiaries carried out properly in conformity with the relevant laws and regulations? (Regularity) Was the huge amount of data processing and disbursement work of pension operations carried out economically and efficiently? (Economy and Efficiency) Were subsidies for welfare and employment programs utilized for the intended purpose of upgrading the quality of welfare services or promoting job stability of employees? (Effectiveness) Has the social security system achieved its results and has it been operated effectively? (Effectiveness)
Public Works	Was the design of the construction appropriate, ensuring required safety levels, and was the construction carried out as designed? (Regularity) Was the contract amount for the construction reasonable? (Economy) Was the plan of the project or the construction schedule economical and efficient? (Economy and Efficiency) Was the design of the construction economical and efficient? (Economy and Efficiency) Are there any projects in which the expected results have not been achieved due to the delay, and are the facilities constructed or installed utilized for the intended purposes and producing the expected results? (Effectiveness) Have constructed facilities been effectively utilized? (Effectiveness)
Agriculture, Forestry and Fisheries	Have various State programs to develop new agricultural entrepreneurs or to expand the business scale of each farmhouse been contributed sufficiently to the attainment of the intended results? (Effectiveness) Are there any projects or systems of which the original purposes have become less meaningful due to socio-economic and agricultural changes, and thus continuation of the projects/systems can be questioned? (Effectiveness)
ODA: Official Development Assistance	Was the assistance provided in accordance with the Exchange of Notes/Loan Agreement, and has disbursement of grants and loans been properly made in conformity with the approved budgets and laws? (Regularity) Was the project reviewed on its relevance in view of the actual conditions of the recipient country, has the progress of the project properly been monitored and evaluated, and have any necessary follow-up measures been taken? (Effectiveness) Have facilities, equipment or transferred technology provided by the ODA been fully utilized, and have the projects been managed properly to achieve the intended results? (Effectiveness)
Special Accounts of the State and State-owned enterprises	Were the projects under special accounts of the State and State-owned enterprises economically and efficiently managed in line with the objectives of their foundation? (Economy and Efficiency)
Subsidies, etc.	Were subsidies provided only to eligible projects or bodies? (Regularity) In applying for and making adjustment of subsidies, were the project costs accurately calculated according to the standards, were there any false statements for expenses made to obtain unjustified subsidies, and in outsourcing projects, was the proper amount of payment made based on the actual performance? (Regularity) Have subsidized facilities and funds been being operated properly and achieved the intended results? (Effectiveness)

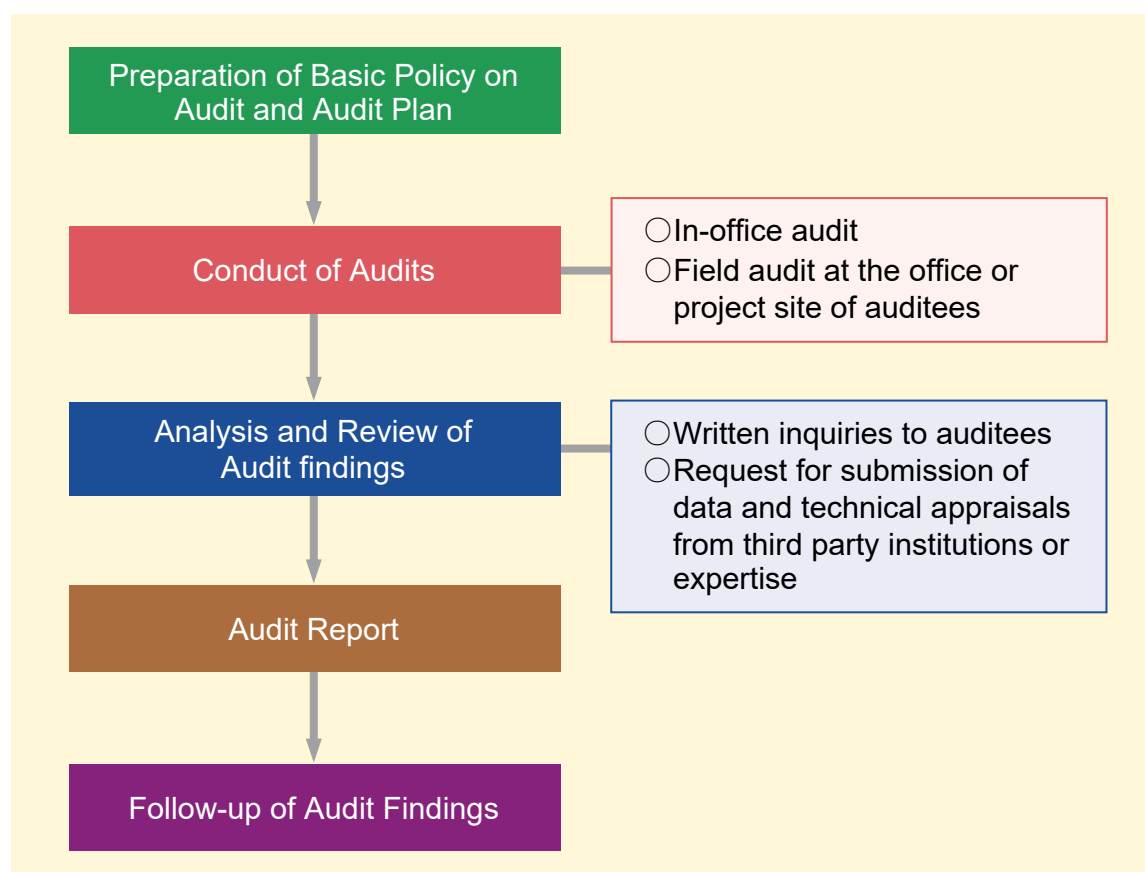
Auditors conduct their audit with the above mentioned general audit aspects, and analyze accounting practices of the auditee and related evidence, and then specify audit aspects and methods to conduct their audit.

Procedures of the Audit

The audits by the Board are conducted as illustrated in the chart below.

The procedures are a cycle starting from the preparation of the Basic Policy on Audit and Audit Plan to the submission of the Audit Report to the Cabinet.

In respect to the matters reported in the Audit Report, the Board follows them up until remedial measures are fully implemented.

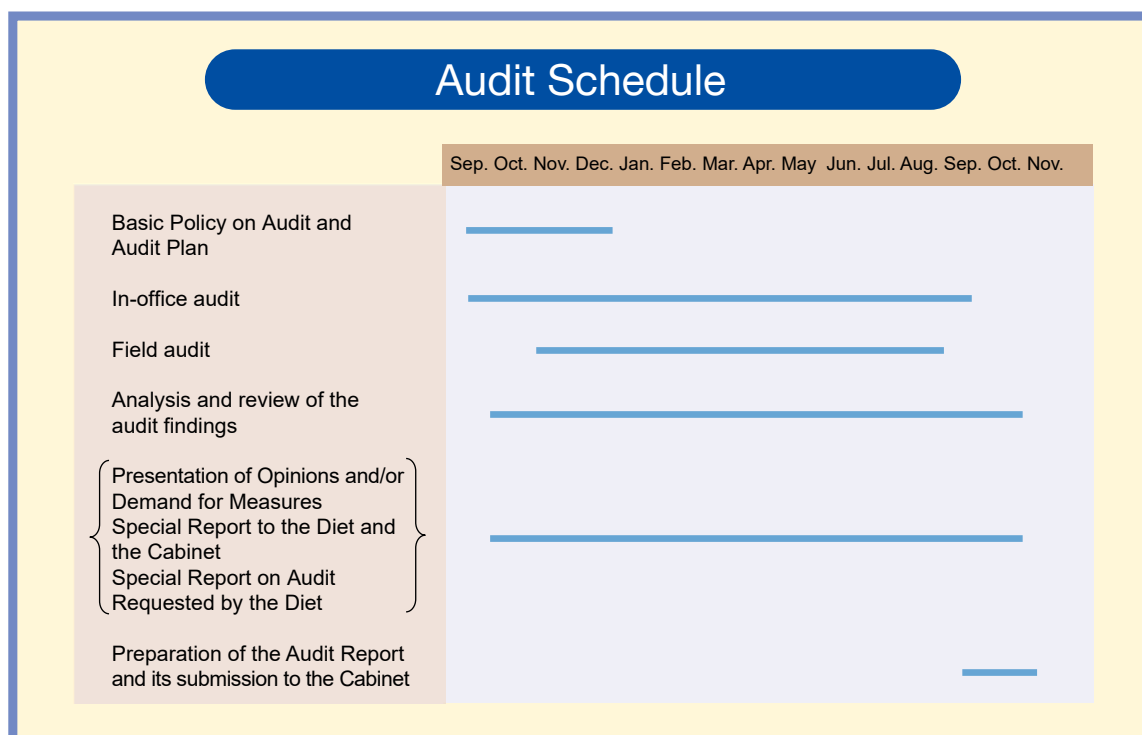


■ Special Report to the Diet and the Cabinet and Special Report on Audit Requested by the Diet

In November 2005, the Board of Audit Act was amended. This amendment enabled the Board to report to the Diet and the Cabinet at any time on matters on which the Board presented its Opinions and/or Demanded Measures and on matters which the Board finds particularly necessary to report, even prior to the completion of the Audit Report for that fiscal year.

Since 1997, if the Board receives a request from the Diet under the Diet Law, the Board may conduct an audit of the specific matters requested and report the results.

Summaries of above reports are also included in the Audit Report.



〈Basic Policy on Audit and Audit Plan〉

It is very important to set an appropriate audit plan for the Board to conduct its audits efficiently and effectively for the best audit results with limited human resources.

Every year, the Board prepares its **Basic Policy on Audit** for the next year, and based on this, each division prepares its own **Audit Plan**.

In preparing the **Audit Plan**, each division identifies its priority audit issues based on thorough analysis of the scale and contents of the budget of auditees, the condition of internal controls, previous audit results, public interests and deliberations at the Diet. Then each division determines specific audit theme, manpower allocation, etc. regarding priority audit issues.



The Audit Commission on formulating the Audit Plan

Basic Policy on Audit for 2026 (Excerpt)

(As established September 4, 2025)

1. Missions of the Board of Audit (abbrev.)

2. Social and Economic Trends and the Situation Surrounding the Board of Audit (abbrev.)

3. Basic Policy on Audit (Excerpt)

A. Focus of audit

In response to Japan's social and economic trends and its current financial condition, the Board has decided to focus its audit activities on programs of the following policy areas of public administration.

·Social security ·Defense ·Public works ·Education, science and technology ·Agriculture, forestry and fisheries ·Environment and energy ·Economic cooperation ·Small and medium enterprises ·Digitalization

Additionally, for programs besides these areas, the Board appropriately and in a timely manner carries out audits bearing public interest in mind.

B. Audit with various perspectives

The Board conducts audits not only to identify and disclose fraudulent and improper cases but also to evaluate the effectiveness of programs and the performance of projects. Moreover, the Board conducts audits with a focus on the necessity of specific operational systems, if necessary.

As for the perspectives of accuracy and regularity, the Board continues to duly conduct audits because there are still many cases of improprieties. The Board focuses on examining basic accountancy while considering the fact that there have been frauds or improprieties in some ministries.

Furthermore, the Board conducts audits bearing in mind the competitiveness and the transparency of bidding and contracts.

With regard to the economy, efficiency, and effectiveness, in light of the serious financial condition in recent years, the Board puts greater importance on these perspectives. With the perspective of effectiveness, in particular, the Board actively endeavors to review the results of programs, projects and budget execution. In such cases, the Board conducts audits with attention to auditees' self-evaluation of their policies and various measures carried out by the government for efficient and effective implementation of projects. The Board also conducts audits with attention to the situations of the assets possessed by the State and funds developed by subsidies.

When there is any problem with the implementation of the programs and projects, and the budget execution, the Board thoroughly investigates the causes and considers measures for improvement and if needed, abolishment of the system itself.

For the purpose of contributing to the improvement of the transparency and accountability of public administration and finance as well as better project implementation, the Board enhances its audits by conducting analyses based on the financial accounts of the State and entities regarding the State's financial position, the government's efforts toward fiscal consolidation, and the financial status of the special accounts and the incorporated administrative agencies. In the above cases, the Board utilizes information on public accounting such as financial documents of special accounts prepared with reference to practices of corporate accounting.

C. Approach corresponding to conditions of internal control

Since the conditions of internal control, such as internal audits and internal checks, in auditees affect the level of adequacy of financial management to be ensured in auditees, the Board pays due attention to the effectiveness of the internal control.

The Board also requests the auditees to improve their internal control systems, if necessary, so that they ensure the adequate level of financial management.

D. Follow-up of the audit findings

The Board continually checks on the state of improvements made by remedial and preventative measures against improper and irregular cases to ensure that audit results are reflected in the State budget compilation as well as in project implementation adequately and effectively.

Moreover, when improper cases are identified in the Audit Report, the Board will specify matters related to the relevant case, such as the cause and improvement measures, and contribute to ensuring adequacy of financial management not only of the auditee in question, but also of other auditees. In addition, the Board conducts audits as necessary to confirm if similar cases are occurring with other auditees.

E. Cooperation with the Diet

The Board always pays attention to the deliberations in the Diet. In auditing issues in response to audit requests under the Provisions of Article 105 in the Diet Act, the Board makes every effort to facilitate the Diet's examination and investigation by including the necessary research contents in the Board's audit activities, paying full attention to the intention of the Diet's request. The Board also makes efforts to actively submit reports to the Diet and the Cabinet to communicate its audit results in a timely manner in order to contribute to the Diet's sufficient examination of the final accounts.

F. Improvement of audit capability and effectiveness of its work

The Board enhances its ability to conduct audits and the effectiveness of its work through continuous review, such as the development of new audit methods to respond to the movements of society and economy, and the accompanying changes in the State's financial and administrative operations, and efforts to promote the digitalization of administrative operations.

Furthermore, through improving operational efficiency, the Board will promote the development of a work environment where all personnel can play an active role, and will strive to secure and educate human resources and improve their auditing abilities.

4. Designing an Appropriate Audit Plan

The Board designs appropriate audit plans and carries them out in order to conduct audits more effectively and efficiently and to achieve its mission, based on this Basic Policy on Audit.

In the audit plan, the Board establishes its priority audit issues, on which it should focus in audits, taking into full consideration the scale and content of the budgets of auditees, programs and projects, the situations of internal control, the previous audits and results, etc. In doing so, the Board will conduct cross-cutting audits on programs jointly executed by several ministries and agencies and cases commonly related with several ministries and agencies.

In auditing, the Board attempts to enhance and strengthen audit activities by promptly and flexibly responding to the progress status of audits as well as public interests, for example, by reviewing the audit plan when necessary.

〈Audit Practice〉

Audits are divided into two types: in-office audit and field audit.

(1) In-office audit

The Board continuously conducts in-office audit by:

1. Checking the contents of documents such as statements of accounts, which show the numeric results of financial management of each entity, as well as supporting documentary evidence including contract documents, invoices and receipts, submitted by auditees in accordance with the Regulations on the Submission of Accounts established by the Board. (Refer to the "Statements of Accounts and Documentary Evidence" below.)
2. Having auditees submit materials and data on the implementation of projects in order to check the contents, and by interviewing relevant persons using an information communication system.

Statements of Accounts and Documentary Evidence

Auditees are required to submit **statements of accounts** reflecting all financial management for a designated period, with **documentary evidence**, to the Board according to **the Regulations on the Submission of Accounts** established by the Board to prove the accuracy, legality and reasonableness of such financial management.

While statements of accounts show the numeric results of financial management, the documentary evidence including, but not limited to, contract documents, invoices and receipts helps verify that the statements of accounts are accurate, legal and reasonable.

In addition to the submission of paper-based statements of accounts and documentary evidence, the use of electronic data processing systems (online) or electromagnetic recording media has increased in recent years due to the development of systems in line with the progress of electronic accounting.

Upon finishing the auditing of statements of accounts for the fiscal year, the Board confirms the numerical accuracy of **the final account of the State** prepared by the Cabinet according to the established procedures.



Documentary evidence stored at the Board



Interview using a web conferencing system

(2) Field audit

Information which can be obtained from the statements of accounts and documentary evidence submitted to the Board is limited and not always enough to determine the adequacy of financial management or projects implementation.

The Board, therefore, dispatches its auditors to the headquarters and branches of ministries and government agencies, or project sites to conduct field audits. As for local governments that carry out various projects with State subsidies, the Board also conducts field audits to examine whether the subsidies have been used properly. The Board also dispatches staff to various overseas locations such as ODA project sites and the diplomatic missions for audit work.

Sites to be audited are selected by taking into consideration priority audit issues and human resource allocation determined by the Audit Plan, results of the in-office audit, frequency and results of past audits, deliberations in the Diet, and information from the media or public.

In the field audits, auditors examine the actual conditions of projects by checking accounting books as well as documentary evidence which is retained by the auditees, interviewing the officials in charge and other relevant persons, observing property management, and inspecting completed physical works.

Most audit findings reported in the Audit Report are brought to light through the field audits, which are of great importance in the audits conducted by the Board.

Field Audit Implementation Rate

The following table shows the implementation rate of the field audits conducted in 2025.

The Board spent approximately 24,000 person-days on these field audits.

Auditee classification	Number of units	Number of units field audited	Field Audit Implementation Rate
(1) Important Organizations in audits (Head office of ministries and agencies, major local branches, etc.)	4,543	1,584	34.8% (Prev. year 36.4%)
(2) Organizations equivalent to (1) (Other local branches, etc.)	6,568	742	11.2% (Prev. year 13.1%)
Total	11,111	2,326	20.9% (Prev. year 22.6%)

(Note) For auditees other than (1) and (2), such as post offices and railway stations, field audits were conducted at 54 out of 20,149 units. Field Audit Implementation Rate including these figures is 7.6%.

Field audit



(At the medical facility)



(Rockfall prevention work)



(At the auditee's office)



(In the research facility)

〈Analysis and Review of Audit Findings〉

Audit findings by the Board provide evaluation of the financial management of the auditees and are made open to the public. As such, misjudgment should be avoided.

If any improper financial management comes to light in the course of audit, the Board takes the following procedures to confirm the situation, in addition to double-checking and ample analysis of the causes and remedial measures.

(1) Inquiry letters to the auditees

As for any improper or unreasonable financial management found in the course of audit, the Board sends inquiry letters to those who are responsible in each auditee.

These inquiry letters describe the outline of improper financial management, related questions, tentative evaluation and reasoning, in order to confirm the facts and views of auditees and to clarify any questions.

The Board examines the situation by requesting written auditee replies to the inquiry letters.

(2) Request for relevant information and/or technical appraisal from third parties

In dealing with highly technical issues, there are cases in which the Board's own staff alone cannot make a fair decision. In such cases, the Board asks independent professional organizations or other experts for their professional views or opinions, and makes its final judgment with due consideration to their views or opinions.

If any improper or unreasonable financial management is found as a result of thorough analysis and review of the audit findings, the Board presents its opinions to, or demands measures from the auditees, or reports them in the Audit Report as, for example, matters that the Board has identified as being in violation of laws, regulations or the approved budget, or as being improper.

The final judgment is made by the Audit Commission, a decision-making body of the Board, after due deliberation with sufficient care in order to avoid misjudgment (refer to page 23).

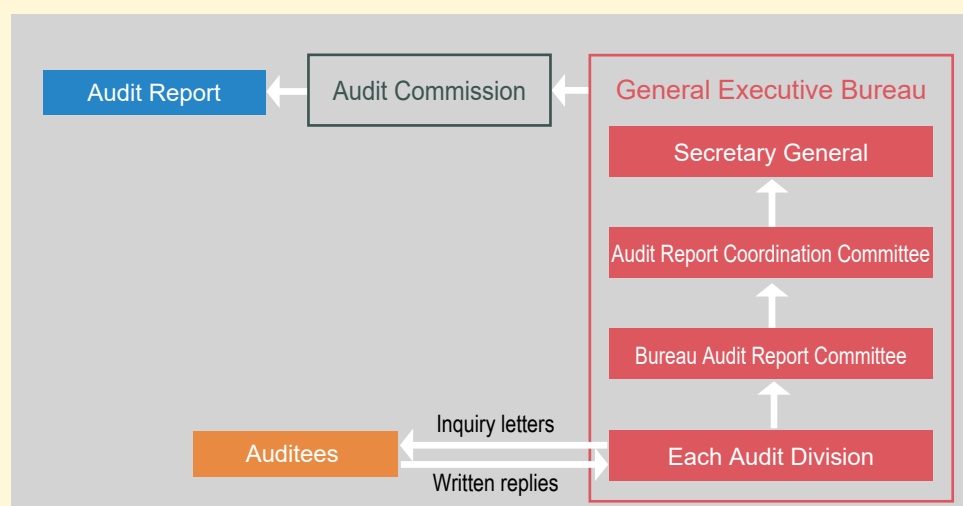
〈Presentation of Opinions and/or Demand for Measures〉

If the Board finds that, in the course of its audit, there are items that violate laws and regulations on **financial management** or that are improper, it may immediately present its opinions on financial management to the head of the relevant ministry or agency or a relevant person, or demand them to take appropriate measures for the financial management, and may have them take measures to rectify and improve subsequent management.

If, as a result of the audit, the Board finds that there are any matters concerning **laws and regulations, systems or administration** that need to be improved, it may present its opinions to the competent authorities or other responsible parties, or demand them to take measures for the improvement.

These opinions and/or measures are issued to the auditees immediately after the Board reaches a conclusion, and the Board also reports in the Audit Report these opinions and measures as Presentation of Opinions and/or Demand for Measures.

Audit results are deliberated through the following procedures.



* This deliberation system is also applied to the cases of Presentation of Opinions and/or Demand for Measures.

Composition and operation of the Committees and deliberations are as follows.

【Committee Structure】

Each bureau establishes a Bureau Audit Report Committee composed mainly of the Director General of each bureau (as a chairperson) and Senior Directors of each bureau.

The Secretariat sets up the Audit Report Coordination Committee composed of the Deputy Secretary General (as a chairperson) and Senior Directors of the Secretariat.

【Deliberation】

Deliberation is conducted on various aspects such as 1) correct understanding of the facts, 2) analysis of the system and application of the laws and regulations, 3) consideration of relevant past circumstances and changing situations and 4) analysis of the causes and remedial measures.

【Adoption of Peer Review System】

Both the Bureau Audit Report Committee and the Audit Report Coordination Committee adopt a peer review system for securing objectivity and credibility of their judgment. In the system, each audit case is reviewed critically in advance by one of the members in each Committee regarding the accuracy of the description of facts and relevance of the conclusion, and the result of the review is reported to the relevant Committee.

Audit Report

The Audit Report shows the annual audit results of the Board.

According to the provision of Article 90 of the Constitution, the Board prepares **an Audit Report** showing the results of all audits conducted each year and sends it to the Cabinet with the audited **final accounts** of the revenues and expenditures of the State. The Cabinet then submits both of them to the Diet. The Audit Report is used for deliberation of the State's final accounts in the Diet session and for future administration by financial authorities. The Board has been striving to submit its Audit Report to the Cabinet earlier than before, which helps the Diet to accelerate the deliberation of the final accounts of the State and enables the audit results to be further reflected in the budget.

The Audit Report has another important function of informing the public of the results of the State budget execution. News media reports on the submission of the Audit Report to the Cabinet attracts the attention of the public.



President Harada (left) hands the FY2024 Audit Report to Prime Minister Takaichi
[Prime Minister's Office, November 5, 2025]

Source: Website of the Prime Minister's Office

The Audit Report must cover eight categories of matters as provided by the Board of Audit Act including i) verification of the final accounts of the revenues and expenditures of the State, ii) whether the amounts in the final accounts of the revenues and expenditures of the State are equal to the amounts in the statements of accounts submitted by the Bank of Japan, iii) whether any item is found to be in violation of the law, Cabinet Order, or the approved budget, or to be improprieties, based on audit findings, iv) whether there are any payments from the reserve fund that have not gone through the procedures for obtaining Diet approval and so on, and may include other matters that the Board finds particularly necessary to report.

Audit results reported in the Audit Report are grouped into mainly the following seven categories, of which 1) to 4) are usually called “Improper/Unreasonable Matters.”

1) Improperities	Item being found, as a result of audit, in violation of the law, Cabinet Order, or the approved budget, or being found improper.
2) Presentation of Opinions and/or Demand for Measures	Matters regarding which the Board has presented its opinions to, or demanded measures from, relevant ministers, etc. pursuant to the provisions of Article 34 or 36 of the Board of Audit Act.
3) Measures Taken	Matters for which the auditee took measures for improvement in response to the findings of the Board.
4) Special Description	Matters which the Board finds particularly necessary to report in order to draw the attention of the public.
5) Special Report to the Diet and the Cabinet	Matters reported to the Diet and the Cabinet pursuant to the provision of Article 30-2 of the Board of Audit Act.
6) Special Report on Audit Requested by the Diet	Results of audit reported to the Diet regarding matters audited pursuant to the provision of Article 30-3 of the Board of Audit Act based on the request made under the provision of Article 105 of the Diet Law.
7) Report on Specific Matters	Report on specific matters which the Board finds necessary to report among audit activities of the Board.

【The Board of Audit Act Article 34】

If the Board of Audit finds that, in the course of its audit, there are items that violate laws and regulations on financial management or that are improper, it may immediately present its opinions on the financial management to the head of the relevant ministry or agency or a relevant person, or demand them to take appropriate measures for the financial management, and may have them take measures to rectify and improve subsequent management.

【The Board of Audit Act Article 36】

If, as a result of its audit, the Board of Audit finds that there are any matters concerning laws and regulations, systems or administration that need to be improved, it may present its opinions to the competent authorities or other responsible parties, or demand them to take measures for the improvement.

【The Board of Audit Act Article 30-2】

The Board of Audit may, at any time, report to the Diet and the Cabinet on matters on which the Board of Audit has presented its opinions or for which measures are demanded pursuant to the provisions of Article 34 or 36, or on other matters that the Board of Audit finds it particularly necessary to report.

【The Board of Audit Act Article 30-3】

If the Board of Audit receives a request from either one of the Houses, the Committees thereof, or any of the Research Committees of the House of Councillors under the provisions of Article 105 of the Diet Law, it may conduct an audit of the specific matters requested and report the results.

〈The Audit Report for the fiscal year 2024〉

Number of Audit Cases and Improper Amounts reported in the Audit Report for the fiscal year 2024 are as follows:

Category	Number of Audit Cases	Improper Amounts (Unit: million YEN)	Number of Audit Cases with Background Amounts (Note1)
1) Improprieties	271	8,671.55	—
2) Presentation of Opinions and/or Demand for Measures Article 34	1	9.12	1
Articles 34 and 36	3	298.66	—
Articles 36	13	33,131.39	6
3) Measures Taken	19	12,264.80	6
Total of items 1) to 3)	307	<296 cases>(Note 2) 54,081.51	
5) Special Report to the Diet and the Cabinet	5		
6) Special Report on Audit Requested by the Diet	2		
7) Report on Specific Matters	5		
Total	319	<296 cases>(Note 2) 54,081.51	

(Note 1) 2 cases of "Presentation of Opinions and/or Demand for Measures" and "Measures Taken," in multiple situations, have both Improper Amounts and Background Amounts.

(Note 2) The numbers within the brackets indicate the number of cases with Improper Amounts. Some cases are counted both as "Improprieties" and as "Presentation of Opinions and/or Demand for Measures", or both as "Improprieties" and as "Measures Taken". As such duplication is deducted from the total, adding each Improper Amount does not correspond with the total.

(Note 3) No case is reported as 4) Special Description in the FY2024 Audit Report.

Improper Amounts and Background Amounts

Improper Amounts represent any deficiency in the collection of taxes or social insurance premiums to be collected; overpayments for construction or purchases; overpayment of subsidies; amount of credit managed improperly; amount of assets not utilized effectively; and any amount of assets stated improperly in the statements of account and financial statements.

While the total amount of them tend to be referred as "the total amount of wasteful expenses", the Board of Audit of Japan does not use the term "wasteful expenses" when explaining the Improper/Unreasonable matters, having in mind that they concern various situations as set forth above.

Background Amounts represent overall amounts of payments or investments, etc. regarding matters concerned. Background Amounts are presented when Improper Amounts cannot be calculated for audit cases such as: 1) where The Board finds, as a result of audit, any matters that it finds necessary to be improved with regard to laws and regulations, system or administration; and 2) which the Board reports to draw public attention to project cases of non-realization of investment effect due to problems in project progress caused by policy issues.

Besides, the Background Amounts are not totaled up since the basis for determining the Background Amounts differ from case to case. If there are multiple Background Amounts for a single case, each amount is stated.

The Board conducts audits with diverse perspectives in a broad range of fields, and the following is a list of selected audit findings in "the Audit Report for FY2024" by feature.

It summarized the main points of these audit findings in an easy-to-understand format and published them on the Board's website "Selected Audit Findings of the Audit Report for FY2024 (https://www.jbaudit.go.jp/english/report/pdf/fy2024report_1.pdf)".

keynotes



Selected Audit Findings of the Audit Report for FY2024

I Audit Findings related to ensuring safety of people's lives

- ② Status of Landslide Disaster Risk Reduction Measures in Hazardous Areas Outside the Road Zone of Expressways
- ③ Impacts of Irrigation Pond Decommissioning Works on Downstream Areas

II Audit Findings related to social security

- ① Improper Payment of Incentive Grant for Accredited Vocational Training under the Support System for Job Seekers

III Audit Findings related to Defense

- ⑤ Operation Status of the Fixed-wing Patrol Aircraft (P-1) Developed in Japan
- ③ Usage of Drones for Disaster Response

IV Audit Findings related to digital services

- ⑤ Status of Information Security Measures for Information Systems of Each Ministry and Agency

V Audit Findings related to the proper execution of the budget and adequacy of the financial management

- ① Excessive Payment for Entrustment Fees and National Subsidies

VI Audit Findings related to the efficient and effective implementation of systems and projects

- ② Status of Use of the Counterpart Funds
- ①② Status of SME Business Transformation Promotion Project

VII Audit Findings related to the proper and equitable implementation of systems and projects

- ⑦ Application of the Simplified Consumption Tax System to Corporations with a Large Amount of Taxable Sales

VIII Audit Findings related to stocks including assets and funds

- ② Size of the Special Fund for Management Stabilization-Related Guarantee (for Great East Japan Earthquake Recovery Emergency Guarantee) Held by Japan Federation of Credit Guarantee Corporations

(Note 1) The numbers in the circles correspond to the seven categories of audit results reported, which is listed on page 25.

(Note 2) The names of projects, etc. in each audit case are provisional translation made by the Board.

〈Examples of Selected Audit Findings of the Audit Report for FY 2024〉

keynotes

Status of Landslide Disaster Risk Reduction Measures in Hazardous Areas Outside the Road Zone of Expressways



Presentation of Opinions and/or Demand for Measures

https://www.jbaudit.go.jp/english/report/pdf/fy2024report_1.pdf

Overview of Landslide Risk Reduction Measures

- The three companies (Note 1) have formulated disaster inspection guidelines to contribute to ensuring prompt and safe road traffic in the event of a disaster. (Note 1) East Nippon Expressway Co., Ltd., Central Nippon Expressway Co., Ltd. and West Nippon Expressway Co., Ltd.
- Based on the guidelines, the branches and management offices of the three companies selected hazardous areas outside the road zone (Note 2) to the extent possible and prepared a report on hazardous areas outside the road zone that describes the state of danger, the name of the area, and the administrators (local governments). The management offices were to coordinate with the administrators, concerning the aforementioned areas and make efforts to ensure that the administrators, take measures to prevent hazards.
(Note 2) Areas outside the road zone that are considered dangerous for traffic on expressways, such as areas where landslides are likely to occur.
- From FYs 2020 to 2023, the three companies conducted aerial laser profiler surveys (LP surveys) for the purpose of disaster risk analysis based on data obtained from laser profiler (Note 3) surveys.
(Note 3) Technology to accurately measure topography by irradiating a laser beam from an airplane or other aircraft onto the Earth's surface and measuring the reflected light.
- The three companies were to carry out restoration work, including emergency restoration, in the event of serious damage to expressways and the surrounding area due to landslides.

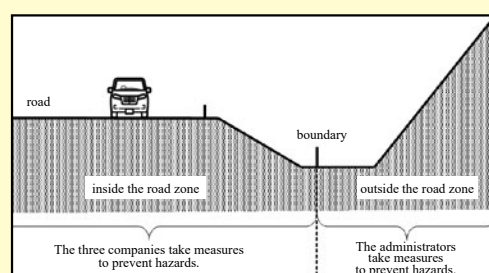
Main Results of the Audit

Status of selecting hazardous areas outside the road zone and preparing a report

- The 72 management offices, which had selected hazardous areas outside the road zone, did not coordinate with the administrators prior to the occurrence of a landslide disaster.
- Of the 5,436 overlapping areas (Note 4) not selected as hazardous areas outside the road zone, 290 met the condition of hazardous areas outside the road zone. 2,876 areas, which were still unclear whether they fell under such designation or not, needed detailed investigation.

(Note 4) Areas that include areas that overlap with expressways in the warning areas (i.e. landslide warning areas or landslide special warning areas).

- The results of the LP survey, which would contribute to the determination of hazardous areas outside the road zone, were not presented to the management offices promptly and were not used in the selection process.
(The contract amount of the LP survey services performed by the three companies were 2.00709 billion yen, 0.94434 billion yen and 2.17505 billion yen respectively.)



Status of coordinating with the administrators regarding the locations of landscape disasters

- If the management offices had selected the locations of landscape disasters as the hazardous areas outside the road zone by taking the warning areas into consideration and using the results of the LP survey, and coordinated with the administrators, the administrators would have taken measures to prevent hazards. Then, the landslide could have been prevented or the damage could have been mitigated.
(Costs incurred by the three companies for restoration work from FYs 2019 to 2023 were 0.34929 billion yen, 6.72767 billion yen and 5.36082 billion yen respectively.)

Demand for Measures

- The management offices should once again **select hazardous areas outside the road zone by taking warning areas into consideration** and conducting detailed surveys **using the LP survey results**. Then, they should **prepare a report on the hazardous areas outside the road zone** that includes information on the administrators, etc.
- The head offices of the three companies should **establish policies for coordination** between management offices and administrators, as well as the method of determining priorities based on the significance of expressways and disaster risks so that the coordination can be performed efficiently and effectively. Then, they should **thoroughly inform** the policies and methods to branch offices and management offices.

(Note 5) This material is a simplified version of the original Audit Report, and does not necessarily correspond to it; see the FY2024 Audit Report (Japanese Only).

(Note 6) The names of projects, etc. in this audit case are provisional translation made by the Board.

〈Examples of Selected Audit Findings of the Audit Report for FY 2024〉

keynotes

Operation Status of the Fixed-wing Patrol Aircraft (P-1) Developed in Japan



Special Report to the Diet and the Cabinet

https://www.jbaudit.go.jp/english/report/pdf/fy2024report_1.pdf

Background of the Audit

■ The P-1 is a fixed-wing patrol aircraft of the Japan Maritime Self-Defense Force (JMSDF) designed for agile surveillance of extensive surrounding waters. It consists of an airframe, an engine, a variety of equipped electronic devices and onboard weapons. Research and development of the aircraft started in FY 1991 as the successor to the P-3C fixed-wing patrol aircraft and domestic development commenced in FY 2001. Approval for unit deployment was granted in March 2013, and the aircraft has entered into service from the same month onward. As of September 2024, a total of 35 P-1 aircraft were deployed across three air bases of the JMSDF.

Main Results of the Audit

The P-1's operational status

■ An examination of the operational status at two air bases at the time of the audit by the Board as well as that between the FYs 2019 and 2023 revealed that the number of aircraft available for missions was limited, that is, the P-1's operational status was low.

→ factors

1. F7-10 engines

· Performance degradation in F7-10 engines due to the corrosion

2. Equipped electronic devices

· Equipped Electronic Device A : The defects due to vibration
· Onboard Weapon B~E : The failure in the connection with the airframe
· Equipped Electronic Device F : The defects due to fixation of crustal materials

3. Procurement of the replacement parts for aircraft

· The lengthened period from conclusion of contract to delivery
· The situation requiring long period from urgent order placement to delivery

1. Status of the operation of F7-10 engines

■ A certain number of F7-10 engines (Note 1) continuously became unusable due to performance degradation.

(Note 1) The engine to be installed in the P-1, the development of which was completed in FY 2011.

→ Most cases were attributed to the corrosion that had occurred in certain materials during the operational phase. For future P-1 capability enhancements, there seemed to be a room to consider applying findings from analyses of the cause of the corrosion failure to the design, as necessary.

2. Status of the operation of equipped electronic devices

■ A certain number of "Equipped Electronic Device A" used for target intelligence collection were continually unusable.

→ Defects occurred during the development and operational phases of "Equipped Electronic Device A". It was considered that the impact upon installation might not have been sufficiently predicted.

3. Status of the procurement of the replacement parts for aircraft

■ The Air Supply Depot, which procures replacement parts for aircraft, could not consistently obtain the necessary quantity of parts in time because it did not grasp the situation in a timely manner, for example, the situation concerning the lengthened period between order placement and delivery, resulting in chronic shortages of parts. Some aircrafts were in a non-operational state, but others had secured mobility by exchanging parts between aircrafts within individual units.

Findings

The Ministry of Defense **should work to improve the operability of the P-1** in cooperation with all organizations within the Ministry by taking the following points into consideration:

■ To improve capacity of the P-1 further in the future, **consideration** should be given so that the accumulated knowledge from the past is fully utilized and **reflected in the design**. The test should be executed with necessary **test items** being **appropriately set** based on the knowledge.

■ To consider more efficient and effective procurement methods for replacement parts for aircrafts , etc. If the situation is not expected to improve, the Ministry of Defense should make a concerted effort to ensure that there should not be a shortage of replacement parts for aircrafts by considering ways to ensure a stable supply of replacement parts for aircrafts.

(Note 2) This material is a simplified version of the original Audit Report, and does not necessarily correspond to it; see the FY2024 Audit Report (Japanese Only).

(Note 3) The names of projects, etc. in this audit case are provisional translation made by the Board.

〈Audit Effect〉

Audit effect is not confined to Improper Amounts referred to in the annual Audit Report but also includes the following:

(1) Rectification and improvement by conducting internal audits, making use of audit results

The Board does not audit all accounts of the auditees. Improper Amounts represent those found in accounts actually audited. Auditees take remedial action not only for cases reported but also to similar cases not actually referred to in the Audit Report.

(2) Rectification and improvement by instruction/advice made in the course of the audit

The Board gives instructions/advice to auditees in the course of the audit to rectify and improve inappropriate cases which are not serious enough to be referred to in the Audit Report.

(3) Ripple effect

Board audit also produce some effects; for example, ministries and agencies that reviewed audit findings of other auditees reported in the Audit Report voluntarily can examine whether they have any similar issues and rectify the problem or prevent the same case from occurring by paying attention to their respective execution of accounting.

(4) Deterrent effect

The deterrent effect against illegal and improper accounting by the auditees can be expected because being subjected to the Board's audit itself can be a significant deterrent factor.

〈Follow-up of Audit Findings〉

The Board follows up the audit findings reported in the Audit Report, including improprieties, matters on which the Board presented its opinions and/or demanded corrective measures, by collecting reports from auditees as to whether damages incurred to the State or organization have been rectified, as to what measures have been taken to prevent any recurrence, or as to how relevant persons are disciplined. Collection of reports continues until the case has been completed.

(1) Have damages of the State been rectified?

The Board checks the progress of corrective action taken to rectify improprieties described in the Audit Report, including:

- a. Collection of additional tax
- b. Repayment of insurance benefits and State subsidies
- c. Advanced redemption of loans
- d. Remedial works
- e. Others

The Board reports the status of these corrective actions in the Audit Report.

(2) What kind of measures have been taken to prevent recurrence?

The Board ensures whether auditees, in regard to audit findings, have taken steps to rectify or improve the current system (such as amendments to related laws and regulations, revision of manuals and specifications, and improvements in administrative procedures), and have provided the officials in charge with proper advice (via official documents, meetings and training courses, internal audit and examinations, etc.).

The result of the follow-up on audit findings of which the Board presented its opinions and/or demanded measures are required to be described in the Audit Report, usually for the following fiscal year.

In addition, with regard to measures taken by auditees in response to "Presentation of Opinions and/or Demand for Measure" and "Measures Taken", the statuses of implementation of measures by auditees are to be followed up, and if any situations are found where the measures are not being implemented, they are to be described in the audit report as "Improprieties".

(3) What disciplinary action has been taken against officials in charge?

The Board grasps what kind of disciplinary action is taken by the Ministries and Agencies, etc. in charge against the officials (responsible persons and their supervisors) in charge of improprieties in the Audit Report.

Promotion of the Audit Findings

The Board explains the contents of the Audit Report to the Diet and other financial authorities to ensure that audit results will be properly reflected in future budget compilation and execution.

(1) Submission and explanation of the Audit Report to the Diet

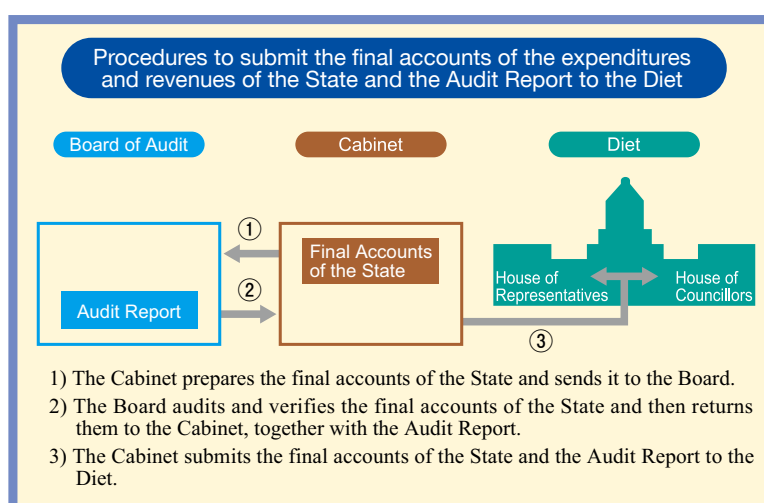
The Audit Report is submitted, with the final accounts of the expenditures and revenues of the State, through the Cabinet to the Diet for deliberation of **the State's final accounts**.

Deliberation on the State's final accounts is held by **the Committee on Audit and Oversight of Administration** in the House of Representatives and **Committee on Audit** in the House of Councillors. The effectiveness of the audit can be fully achieved only when the Audit Report is sufficiently utilized in the Diet, which is the representative organ of the public, and when investigation into causes and measures for improvement in respect to matters reported in the annual Audit Report are thoroughly realized.

Senior officials of the Board always attend the above-mentioned deliberations of the Committees and, if necessary, explain the contents of the Audit Report or relevant audit activities and present the Board's opinion. As such, the Audit Report is an essential document for deliberations in these Committees.

Senior officials of the Board also attend **the Committees on Budget and other Diet Committees** to provide explanations as required.

In preparing the audit plan and implementing its audits, the Board fully takes into consideration the deliberations in the Diet in order to respond to the expectations of the Diet and the public.



(2) Explanation to financial authorities

The Board holds regular meetings with **the Budget Bureau and the Financial Bureau of the Ministry of Finance** for the audit results to be used as a reference for budget compilation and financial administration.

On this occasion, the Board provides explanations of the findings in the Audit Report and expresses opinions on the budget compilation and financial administration reference items discovered during the audit process.

At these meetings, the Board hears, in return, the background and intention of the budget compilation and points to be noted in budget execution by the financial authorities for reference toward the audit.

〈Training Courses for Auditees〉

In order to enhance and reinforce auditees' internal audit and internal check systems, and to prevent recurrence of the audit findings, the Board organizes the following training courses and briefings.

The internal audit of each ministry and agency is expected to work efficiently for appropriate budget execution together with the external audit by the Board.

(1) Briefing on the Audit Report

The Board conducts **briefing sessions on the Audit Report** for **(1) deputy vice-ministers of all ministries, (2) senior directors of accounts divisions of all ministries, (3) relevant accounting officials of all ministries, (4) auditors and board members in charge of budget execution of State-owned enterprises, and (5) prefectural accounting managers.**

At this briefing, officials of the Board explain audit findings in detail for better auditee understanding and prevention of recurrence of the reported findings.

(2) Training courses for auditee personnel

In order to contribute to the improvement in accounting and audit capability of auditee officials, the Board organizes the following training courses for accounting officials and internal auditors of all ministries, government-sponsored judicial-persons such as government affiliated institutions and incorporated administrative agencies and local governments on accounting practices and relevant laws and regulations, as well as audit techniques.

- Courses for Internal Auditors of Ministries and Agencies
- Courses for Internal Auditors of State-owned enterprises
- Courses for Accounting Officials of Prefectural Governments
- Courses for Internal Auditors of Local Governments
- Courses for Internal Auditors of Prefectural Governments (General Audit Courses and Construction Audit Courses)

The Board also dispatches staff members as lecturers to the training courses organized by auditees such as ministries, agencies and local governments for prevention of recurrence of the audit findings on the condition that the dispatched lecturer does not hinder his/her audit activities.

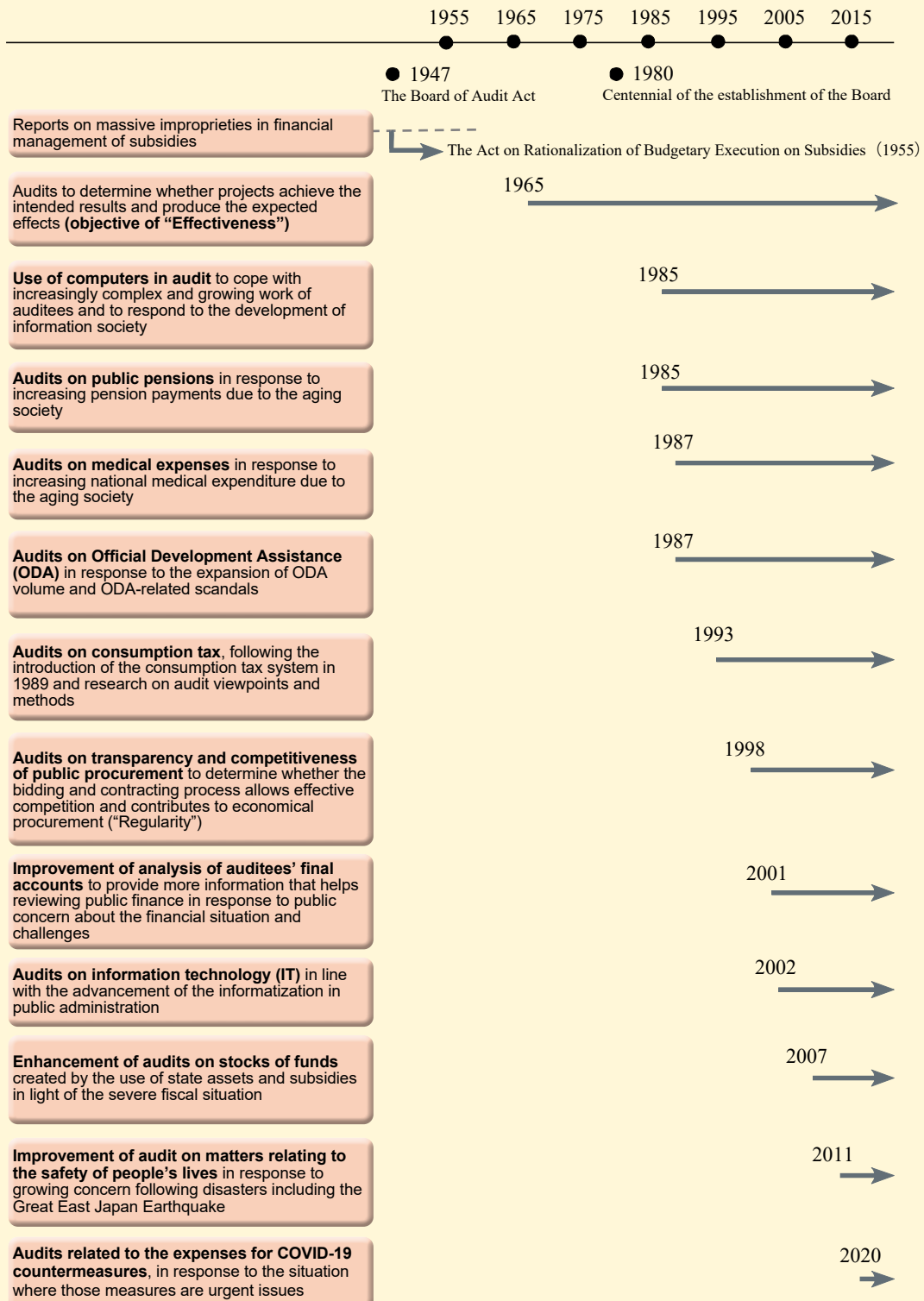
(3) Internal audit related services

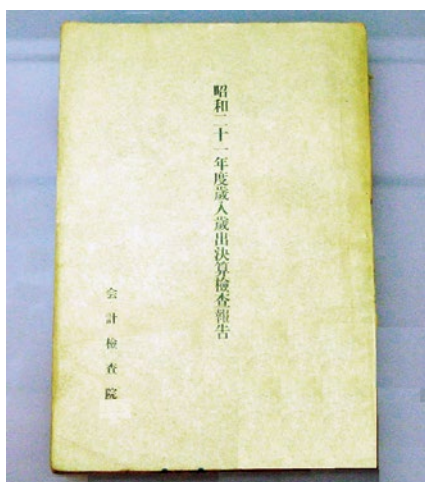
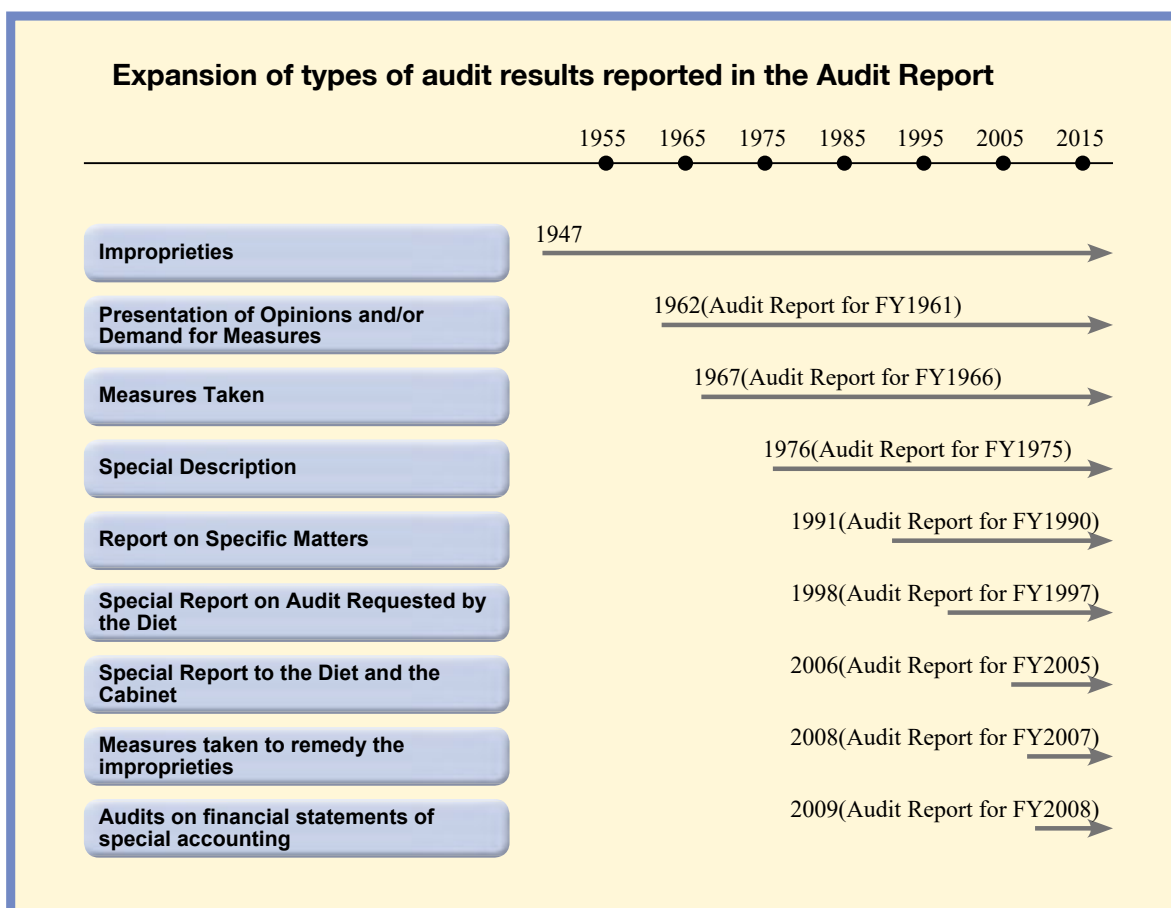
The Board conducts researches and analyses on auditees' internal control such as the status of internal audits and internal check systems, etc., and has meetings with **officials in charge of internal audit in ministries, agencies** and so on in order to help them improve and strengthen their internal audits.

Activities of the Board

The Board has developed audit activities to respond to social and economic changes, and public expectations, which have led to a great number of audit results.

Expansion and development of audit scopes, perspectives and methods





The first Audit Report after the implementation of the current Board of Audit Act
The FY1946 Audit Report



The FY2024 Audit Report

Use of digital services in the audit

In order to enhance and strengthen audit work, the Board has developed **the Audit Information Systems**, which are used for verification of the final accounts of the State, and management of various data and materials related to the audit.

Also, the Board utilizes digital services for calculation and analysis of various audit related data, thus allowing auditors to identify focus points and sites to be further investigated.

The data collected at the field audit sites is analyzed by utilizing mobile information processing devices to ensure rapid processing of audit related data. With these measures, the Board conducts field audits efficiently and effectively.

(Audit Information Systems)

Final Accounts Verification System — verifies final accounts

- revenue and expenditure
- claims held by the State and State obligations
- national property
- goods

Electronic Vouchers and Other Supporting Documents Management System — inspects and manages electronic documentary evidence

Audit Findings Retrieval System — performs searches of information on audit results in the Audit Report

Furthermore, the Board has been making use of digital services to facilitate in-office audits through teleworking and a web conferencing system.

The Board has established a division responsible for developing and operating these Audit Information Systems, as well as providing assistance to each audit division regarding further utilization of digital services technology for their audit activities.

Other Activities

Besides the audit, the Board carries out the following audit-related activities.

(1) Adjudication on the liability for indemnity

If an official responsible for cash handling, handling goods or budget execution has been involved in loss or damage to cash or goods under their control, or otherwise has made payments in violation of laws and regulations, or the approved budget resulting in damage to the State, the Board examines whether the official has caused loss or damage through their failure to exercise due care of a prudent manager, or intentionally or by gross negligence, and adjudicates whether the official is liable to indemnity.

If the Board adjudicates that the official is liable to indemnity, the Minister to which the official belongs must order the official to pay the indemnity.

(2) Demand for disciplinary action

If the Board finds, as a result of audit, that an official who handles the accounting for the State has caused substantial damage to the State intentionally or by gross negligence, or that a budget executing official has made payments in violation of the laws and regulations or the approved budget intentionally or by gross negligence and caused damage to the State, the Board may demand the Minister to which the official belongs to take disciplinary action against the official.

The Board is also authorized to execute the same rights in cases where an official who handles accounting for the State neglects to submit statements of accounts or documentary evidence to the Board.

(3) Examination

If the Board has been requested by an interested party to examine the handling of financial management conducted by an official who handles the accounting for the State, the Board must examine that official's handling and as a result of that, if the Board concludes that the handling needs to be corrected, the Board must notify its judgement to the competent authorities or other responsible parties.

Competent authorities or other responsible parties must take appropriate measures pursuant to the notification of the judgement.

Exchange of Information and Views with External Bodies

The Board is engaged in the following activities to make audits more effective.

(1) Public relations

The most important factor for appropriate State budget execution is that each member of the public is interested in the State budget execution and continues to pay attention to it. The Audit Report helps the public find out how tax payers' money is used.

The Board publishes a **summary version of the Audit Reports** (<https://www.jbaudit.go.jp/pr/print/aramashi/index.html>) which describes the audit results briefly, and has put all contents of past Audit Reports on its website (<https://www.jbaudit.go.jp/english/index.html>).

The website provides information on audit activities of the Board and the latest organization chart, and also has a section to receive opinions on the work of the Board, and audit-related information from the public.

Furthermore, the Board started official social media accounts: a Facebook page (<https://www.facebook.com/baudit.japan/>), a YouTube channel (https://www.youtube.com/channel/UCcofwP_DkLK0HBtqLvLzgUQ), and a X account for students (https://x.com/JBOA_student), where it shares information about its activities.

(2) Discussions with opinion leaders

To make audit activities more effective and appropriate, the Board administers **the Government Auditing Consultative Committee**, the membership of which includes opinion leaders in various areas. The Board esteems the views and opinions of these members concerning various issues related to audits from diverse viewpoints.

The members of the Committee are as follows (as of January 2026):

- Mr. Mimura Akio (Chairperson: Honorary Chairman, Nippon Steel Corporation.)
- Dr. Iio Jun (Professor, National Graduate Institute for Policy Studies)
- Dr. Egawa Masako (Chancellor, Seikei Gakuen)
- Mr. Kanemaru Yasufumi (Chairman and President, Group CEO, Future Corporation)
- Dr. Tomita Toshiki (Visiting Analyst, Nomura Institute of Capital Markets Research)
- Mr. Hayashi Makoto (Lawyer)
- Ms. Miyajima Kasumi (Commentator, Nippon Television Network Corporation)

(In Japanese alphabetical order except for the Chairperson)

(3) Exchange of views with other audit and inspection institutions

The Board strives to raise its audit efficiency through exchanges of information with other public audit and evaluation institutions, while it recognizes the importance of conducting audits from an independent standpoint.

For example, the Board holds regular or irregular meetings to exchange information with **the Administrative Evaluation Bureau of Ministry of Internal Affairs and Communications**, which evaluates and monitors Government agency operations and activities, and with **audit offices of local governments**. Since some of the auditees of the Board may also be subject to audits by certified public accountants, the Board also holds meetings with **the Japanese Institute of Certified Public Accountants** to regularly exchange professional opinions and information.

The Board also hosts **the Audit Forum in which people from organizations involved in public sector auditing gather and discuss public audit issues** in order to improve public audits.



34th Public Audit Forum (2023)

(4) Research activities

In response to more diversified and specialized State administrative operations, the Board conducts both **in-house and outsourced research**, on both domestic and foreign audit systems, in order to examine more efficient and effective audit methodologies.

The Board also invites researchers from outside institutions as **Visiting Research Fellows** to research and review recent trends and/or more practical audit methodologies in specific fields of auditing. They advance their research from the perspective of their respective specialized fields and exchange opinions with Board staff.

The Board issues an annual **Research Journal**, including articles contributed by scholars and researchers, and government officials to enhance communication with researchers in other institutions, and to promote interdisciplinary audit methodologies both in theory and practice.

These activities will eventually lead to the expansion of the field of auditing and the development of new audit methodologies and future improvements in audit activities.

International Activities

(1) Research on national audit system of foreign countries

The Board conducts research on public financial management system of foreign countries such as activities and audit cases of Supreme Audit Institutions (SAIs) around the world.

The Board hosts the Tokyo International Meeting on Audit, inviting high-level officials and senior auditors from SAIs of leading countries in order to seek possible solutions to the common issues and challenges that SAIs face.



29th Tokyo International Meeting on Audit
(Participating SAIs: SAI Canada, France, Germany, Italy, U.K., U.S.A. and Japan)

(2) Participation in International Organization of SAIs

The Board joins the International Organization of Supreme Audit Institutions (INTOSAI: 195 participating SAIs) and the Asian Organization of Supreme Audit Institutions (ASOSAI: 48 SAIs), one of the INTOSAI regional organizations, to promote international cooperation in the field of government auditing and to build up closer relations with SAIs of various countries and areas. The Board also serves as the Capacity Development Administrator of ASOSAI.

The Board participates in conferences and workshops held by these international organizations in order to discuss important audit-related issues, and to share the latest knowledge and experiences.

Furthermore, the Board, as Capacity Development Administrator of ASOSAI, is in charge of planning and implementing capacity development programs to provide audit techniques and promote knowledge sharing on government auditing among ASOSAI member SAIs.



79th INTOSAI Governing Board Meeting and 25th INCOSAI in Sharm El Sheikh, Egypt



62nd ASOSAI Governig Board Meeting and 1st ASOSAI-ARABOSAI Joint Meeting in Baku, Azerbaijan

(3) International cooperation

The Board co-hosts the training programs on government auditing with the Japan International Cooperation Agency (JICA) for developing countries as part of Japanese technical cooperation.



The Knowledge Co-Creation Program in Government Audit on Public Construction Works (2025)

In 2025, the Board co-hosted the program for SAI auditors of developing countries to learn audit skills and techniques.

Audit Result Outline

- FY2024 Audit Report-

AUDIT RESULT OUTLINE – FY2024 Audit Report –

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I Basic Policy on Audit

The FY2024 Audit Report constitutes the results of the audit conducted in 2025 based on the Basic Policy on Audit for 2025.

Basic Policy on Audit for 2025

Approved by
the Audit Commission
on September 5, 2024

To carry out audits for the year 2025 (audit implementation period: October 2024 - September 2025) efficiently and effectively and to perform its missions accurately in keeping with social and economic trends, the Board of Audit established its Basic Policy on Audit for the year 2025 as follows:

1. Missions of the Board of Audit

The Board of Audit (the Board) has the following missions as a constitutional organization independent from the Cabinet.

The Board audits all of the final accounts of the expenditures and revenues of the State every year, and also audits such accounts as provided by law.

The Board continuously conducts audits, supervises financial management, ensures its adequacy, and rectifies any defects. Also, the Board verifies the final accounts of the expenditures and revenues of the State through the results of its audits.

The Board prepares and sends the Audit Report to the Cabinet. This Report, together with the final accounts of the expenditures and revenues of the State, shall be submitted to the Diet.

2. Social and Economic Trends and the Situation Surrounding the Board of Audit

In recent years, Japan's society and economy have faced the significant task of responding to issues such as the declining birthrate and the aging society that are progressing rapidly, the decrease of the population, stagnant potential growth rate, and increased frequency and severity of natural disasters, severe security environment, and delay in the digitalization of the Japanese government.

Against this backdrop, budgets have been allocated in recent years for social security, education and science promotion, defense, and public works. Additionally, a large amount of reserve funds, compared to the pre-COVID-19 pandemic, has been appropriated to prepare for unexpected changes in the situation. At the same time, the government has decided to promote measures at an unprecedented level against the declining birthrate, fundamental reinforcement of the defense force, and efforts towards the formation of a digital society, among others.

As for the fiscal position of the State government, continual issuance of government bonds is steadily increasing the outstanding debt, which is estimated to reach about 1105 trillion yen at the end of FY2024. In the budget for FY2024, the level of dependence on government bonds is about 31% and the total expenditure required for redemption of national debt comprises about 24% of the general account expenditure, which poses a major challenge in achieving a sound fiscal position. Under these circumstances, the government established a "the Economic and Fiscal Revitalization Plan," which covers the six-year period through FY2030, and aims to bring the national and local governments together into a primary balance surplus in FY2025, as well as to further reduce the debt-to-GDP ratio steadily over the period of the plan, thereby making further progress toward achieving both economic revitalization and fiscal consolidation (However, since it is necessary to keep a close eye on both domestic and international economic conditions, necessary investigations will be conducted depending

on the situation.).

Moreover, the importance of grasping the results of the State budget execution and reflecting them in the following budgets is deliberated in the Diet from the viewpoint of enhancing and strengthening fiscal administration control by the Diet. Taking into consideration that the Diet requested the Cabinet to submit the final accounts of the State earlier, the Board has been striving to submit its Audit Report to the Cabinet earlier than before, which helps the Diet deliberate the final accounts of the State earlier and enables the audit results to be better reflected in the budget.

Thus, achievement of fiscal soundness has been an important issue, and focus is placed on the strict assessment and verification of the results of the State budget execution as well as the Government's fulfillment of accountability to the public.

Reflecting this situation, the role of the Board, which audits the execution of budgets and reports the results of audits, including raising issues with the public on public administration and finance, has become even more important.

3. Basic Policy on Audit

The Board has been striving to conduct audits in order to respond to public expectations in light of social and economic trends at all times. With the aim of continuing to properly fulfill its missions in the situation mentioned above, the Board will make every effort to ensure the strict and fair discharge of its duties and maintain and further improve the quality of audit activities while paying due attention to the public interest, and will carry out audits in accordance with the following policies. Furthermore, the Board will strive to publish the audit results in a timely manner and explain them to the public in an understandable manner.

(1) Focus of audits

In response to Japan's social and economic trends and its current financial condition, the Board has decided to focus its audit activities on programs of the following policy areas of public administration:

- Social security
- Defense
- Education, science and technology
- Public works
- Agriculture, forestry and fisheries
- Environment and energy
- Economic cooperation
- Small and medium enterprises
- Digitalization

Additionally, for programs besides these areas, the Board appropriately and in a timely manner carries out audits bearing public interest in mind.

(2) Audits with various perspectives

The Board conducts audits not only to identify and disclose fraudulent and improper cases but also to evaluate the effectiveness of programs and the performance of projects. Moreover, the Board conducts audits with a focus on the necessity of specific operational systems, if necessary.

The Board conducts audits with the following perspectives:

- (a) Accuracy: whether the final accounts accurately reflect the financial status such as the execution of the budgets
- (b) Regularity: whether the financial management is properly conducted in conformity with the approved budgets, laws and regulations
- (c) Economy: whether the implementation of programs and projects or budget execution is administered with the minimum cost
- (d) Efficiency: whether the programs and projects gain the maximum results with the given cost or have the best cost-efficient outcome
- (e) Effectiveness: whether the programs and projects achieve the intended results and produce the expected effects
- (f) Other objectives necessary for auditing

As for the perspectives of accuracy and regularity, the Board continues to duly conduct audits because there are still many cases of improprieties. The Board focuses on examining basic accountancy while considering the fact that there have been fraud and improprieties in some ministries. Furthermore, the Board conducts audits bearing in mind the competitiveness and the transparency of bidding and contracts.

With regard to the economy, efficiency, and effectiveness, in light of the serious financial condition in recent years, the Board puts greater importance on these perspectives. With the objective of effectiveness, in particular, the Board actively endeavors to review the results of programs, projects and budget execution. In such cases, the Board conducts audits with attention to auditees' self-evaluation of their policies and various measures carried out by the government for efficient and effective implementation of projects. The Board also conducts audits with attention to the situations of the assets possessed by the State and funds developed by subsidies.

When there is any problem with the implementation of the programs and projects, and the budget execution, the Board thoroughly investigates the causes and considers measures for improvement and if needed, abolishment of the system itself.

For the purpose of contributing to the improvement of the transparency and accountability of public administration and finance as well as better project implementation, the Board enhances its audits by conducting analyses based on the financial accounts of the State and entities regarding the State's financial position, the government's efforts toward fiscal consolidation, and the financial status of the special accounts and the incorporated administrative agencies. In the above cases, the Board utilizes information on public accounting such as financial documents of special accounts prepared with reference to practices of corporate accounting.

(3) Approach corresponding to conditions of internal control

Since the conditions of internal control, such as internal audits and internal checks, in auditees affect the level of adequacy of financial management to be ensured in auditees, the Board pays due attention to the effectiveness of the internal control. The Board also requests the auditees to improve their internal control systems, if necessary, so that they ensure the adequate level of financial management.

(4) Follow-up of the audit findings

The Board continually checks on the state of improvements made by remedial and preventative measures against improper and irregular cases to ensure that audit results are reflected in the State budget compilation as well as in project implementation adequately and effectively.

Moreover, when improper cases are identified in the Audit Report, the Board will specify matters related to the relevant case, such as the cause and improvement measures, and contribute to ensuring adequacy of financial management not only of the auditee in question, but also of other auditees. In addition, the Board conducts audits as necessary to confirm if similar cases are occurring with other

auditees.

(5) Cooperation with the Diet

The Board always pays attention to the deliberations in the Diet. In auditing issues in response to audit requests under the Provisions of Article 105 in the Diet Act, the Board makes every effort to facilitate the Diet's examination and investigation by including the necessary research contents in the Board's audit activities, paying full attention to the intention of the Diet's request. The Board also makes efforts to actively submit reports to the Diet and the Cabinet to communicate its audit results in a timely manner in order to contribute to the Diet's sufficient examination of the final accounts.

(6) Improvement of audit capability and effectiveness of its work

The Board enhances its ability to conduct audits and the effectiveness of its work through continuous review, such as the development of new audit methods to respond to the movements of society and economy, and the accompanying changes in the State's financial and administrative operations, and efforts to promote the digitalization of administrative operations.

The efforts include: research studies to vary the method and scope of audit activities, including those in light of international trends in auditing, human resource development for auditing areas of expertise as well as use of personnel who have acquired practical skills and experts from the private sector, data analysis incorporating statistical methods, efficient processing, analysis, etc. of massive data, and more active use of information and communications technology that enables remote audits. By adopting these practices, the Board conducts a more fulfilling audit for programs and projects of auditee matters as a whole.

Furthermore, through improving operational efficiency, the Board will promote the development of a work environment where all personnel can play an active role, and will strive to secure and educate human resources and improve their auditing abilities.

4. Designing an Appropriate Audit Plan

The Board designs appropriate audit plans and carries them out in order to conduct audits more effectively and efficiently and to achieve its mission, based on this Basic Policy on Audit.

In the audit plan, the Board establishes its priority audit issues, on which it should focus in audits, taking into full consideration the scale and content of the budgets of auditees, programs and projects, the situations of internal control, the previous audits and results, etc. In doing so, the Board will conduct cross-cutting audits on programs jointly executed by several ministries and agencies and cases commonly related with several ministries and agencies.

In auditing, the Board attempts to enhance and strengthen audit activities by promptly and flexibly responding to the progress status of audits as well as public interests, for example, by reviewing the audit plan when necessary.

II Summary of Audit Results

1. Audit Results by Category and by Auditee

The total number of cases listed in the Audit Report for FY2024 was 319 and the Improper Amounts totaled 54,081.51 million yen. The following Table 1 shows the breakdown.

Table 1: Audit Findings by Category

Category	Number of Audit Cases	Improper Amounts (Background Amounts) Unit: million YEN
Improprieties	271	<271 cases> 8,671.55
Presentation of Opinions and/or Demand for Measures	Article 34 of the Board of Audit Act (Note 2) 1	<1 case> 9.12 [383.34 85.43]
	Article 34 and 36 of the Board of Audit Act 3	<3 cases> 298.66
	Article 36 of the Board of Audit Act 13	<7 cases> 33,131.39 [656.57 83,826.33 8.54 2,007.09 349.29 944.34 6,727.67 2,175.05 5,360.82 3,623.47 1,703.47]
	Subtotal 17	<11 cases> 33,439.17
Measures Taken	(Note 2) 19	<14 cases> 12,264.80 [1,309.65 571.30 4,153.21 51.04 157.86 250.62 1,265.90 295.14 28,568.80 119.09]
Total of Improper/Unreasonable Matters	307	<296 cases> (Note 3) 54,081.51
Special Report to the Diet and the Cabinet	5	—
Special Report on Audit Requested by the Diet	2	—
Report on Specific Matters	5	—
Grand Total	319	<296 cases> (Note 3) 54,081.51

- (Note 1) Since amounts under 10,000 yen are rounded down, there may be cases where the total does not match when aggregated.
- (Note 2) 2 cases of "Presentation of Opinions and/or Demand for Measures" and "Measures Taken," in multiple situations, have both Improper Amounts and Background Amounts.
- (Note 3) Some cases are counted both as "Improprieties" and as "Presentation of Opinions and/or Demand for Measures" or both as "Improprieties" and as "Measures Taken". As such duplication is deducted from the total, adding each Improper Amount does not correspond with the total.
- (Note 4) The numbers within the brackets under "Improper Amounts (Background Amounts)" indicate the number of cases containing Improper Amounts.
- (Note 5) Cases listed as "Improprieties", those concerning matters for which appropriate action or corrective measures are requested under Article 34 of the Board of Audit Act, and cases concerning accounting identified as violating laws and regulations or deemed improper under "Measures Taken" will be reviewed for disciplinary action requests under Article 31 of the Board of Audit Act and for the determination of liability for compensation under Article 32 of the same Act.

Improper Amounts: Improper Amounts represent any deficiency in the collection of taxes or social insurance premiums to be collected; overpayments for construction or purchases; overpayment of subsidies; amount of credit managed improperly; amount of assets not utilized effectively; and any amount of assets stated improperly in the statements of account and financial statements. The total sum of Improper Amounts in the Audit Report is sometimes referred to as "the total amount of wasteful expenditure." While the total amount of Improper Amounts tends to be referred as "the total amount of wasteful expenses", the Board of Audit of Japan does not use the term "wasteful expenses" when explaining the Improper/Unreasonable Matters, having in mind that they concern various situations as set forth above.

Background Amounts: Background Amounts represent overall amounts of payments or investments regarding matters where Improper Amounts cannot be calculated for audit cases such as: 1) where, as a result of audit, the Board finds any matters that it deems necessary to be improved with regard to laws and regulations, system or administration; and 2) where the Board reports to draw public attention to the situation in which the investment effect has not realized due to problems in project progress caused by policy issues. The Background Amounts are not totaled up since the basis for determining the Background Amounts differ from case to case. If there are multiple Background Amounts for a single case, each amount is stated.

Table 2: Improper/Unreasonable Matters by Category and by Auditee

(unit of monetary amount, million YEN)

Category Auditee	Improprieties		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Cases	Amount	(Note 1) Article/Cases	(Note 2) Amount	(Note 2) Cases	(Note 2) Amount	(Note 2) Cases	(Note 2) Amount
Cabinet Office	15	86.94					15	86.94
Cabinet Office (Consumer Affairs Agency)	1	13.58					1	13.58
Cabinet Office (Children and Families Agency)	3	32.09	③⑥ 1	(656.57)			4	32.09 (656.57)
Ministry of Internal Affairs and Communications	35	505.59					35	505.59
Ministry of Foreign Affairs	1	3.38	(Note 3) ③⑥ 2	(Note 3) 1,159.29 (83,826.33) (8.54)	1	14.82	(Note 3) 4	(Note 3) 1,177.49 (83,826.33) (8.54)
Ministry of Finance	1	380.35			1	(1,309.65) (571.30) (4,153.21)	2	380.35 (1,309.65) (571.30) (4,153.21)
Ministry of Education, Culture, Sports, Science and Technology	19	137.94					19	137.94
Ministry of Health, Labour and Welfare	86	3,536.12	(Note 8) ③④ 1 ③④ ③⑥ 2	9.12 (383.34) (85.43) 169.12	2	72.92 (51.04) (157.86)	(Note 8) 91	(Note 7) 3,752.06 (383.34) (85.43) (51.04) (157.86)
Ministry of Agriculture, Forestry and Fisheries	16	230.90	③⑥ 1	682.28	3	156.83 (250.62) (1,265.90) (295.14)	(Note 7) 20	1,063.11 (250.62) (1,265.90) (295.14)
Ministry of Economy, Trade and Industry	12	1,692.91	(Note 4)(Note 5) ③⑥ 3	(Note 4)(Note 5) 20,365.89			(Note 4) (Note 5) 15	(Note 4) (Note 5) 22,058.80

Category Auditee	Improprieties		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Cases	Amount (Note 6)	Article/Cases (Note 1)	Amount (Note 2)	Cases	Amount (Note 2)	Cases	Amount (Note 2)
Ministry of Land, Infrastructure, Transport and Tourism	28	972.05			3	991.23	31	1,963.28 (Note 6)
Ministry of the Environment	5	132.37	③④ ③⑥ 1 ③⑥ 1	129.54 866.83	2	96.01	9	1,224.75
Ministry of Defense	15	89.51			4	1,367.78 (28,568.80)	19	1,457.29 (28,568.80)
The Promotion and Mutual Aid Corporation for Private Schools of Japan	2	14.08					2	14.08
East Nippon Expressway Company Limited			③⑥ 1	(2,007.09) (349.29)			1	(2,007.09) (349.29)
Central Nippon Expressway Company Limited			③⑥ 1	(944.34) (6,727.67)			1	(944.34) (6,727.67)
West Nippon Expressway Company Limited			③⑥ 1	(2,175.05) (5,360.82)			1	(2,175.05) (5,360.82)
National Institute for Materials Science	1	27.24					1	27.24
National Institutes for Quantum Science and Technology	1	24.22					1	24.22
Building Research Institute	1	(Note 6) 353.39					1	(Note 6) 353.39
Japan agency of Maritime Education and Training for Seafarers	1	31.50					1	31.50
Japan International Cooperation Agency (JICA)	1	13.67	(Note 3) ③⑥ 2	(Note 3) 4,728.83			(Note 3) 3	(Note 3) 4,742.50
New Energy and Industrial Technology Development Organization			(Note 4) ③⑥ 1	(Note 4) 2,855.12			(Note 4) 1	(Note 4) 2,855.12
Japan Water Agency			③⑥ 1	(3,623.47) (1,703.47)			1	(3,623.47) (1,703.47)

Category Auditee	Improprieties		Presentation of Opinions and/or Demand for Measures (Note 1) (Note 2)		Measures Taken (Note 2)		Total (Note 2)	
Japan Organization of Occupational Health and Safety	1	9.59					1	9.59
National Hospital Organization	1	6.61					1	6.61
Organization for Small & Medium Enterprises and Regional Innovation	25	381.99	(Note 5) ③⑥ 1	(Note 5) 2,473.15	1	9,507.46	(Note 5) 27	(Note 5) (Note 7) 12,110.71
Shikoku Railway Company					(Note 8) 1	12.10 (119.09)	(Note 8) 1	12.10 (119.09)
Japan Post Bank Co., Ltd.					1	45.65	1	45.65
Total	271	(Note 6) 8,671.55	(Note 3) (Note 4) (Note 5) 17	33,439.17	19	12,264.80	(Note 3) (Note 4) (Note 5) 307	(Note 6) (Note 7) 54,081.51

(Note 1) The cases identified with ③④ refer to audit findings under Article 34 of the Board of Audit Act, and the cases identified with ③⑥ refer to those under Article 36.

(Note 2) The amounts in parentheses are Background Amounts, which are not totaled since the basis for determining the Background Amounts differs from case to case. If there are multiple Background Amounts for a single case, each amount is stated.

(Note 3) Although one case involves both the Ministry of Foreign Affairs and the Japan International Cooperation Agency (JICA), the amount has been listed only in the column of the Ministry of Foreign Affairs. In addition, duplication has been eliminated from the total number of cases.

(Note 4) Although one case involves both the Ministry of Economy, Trade and Industry and the New Energy and Industrial Technology Development Organization, the amount has been listed only in the column of the New Energy and Industrial Technology Development Organization. In addition, duplication has been eliminated from the total number of cases.

(Note 5) Although one case involves both the Ministry of Economy, Trade and Industry and the Organization for Small & Medium Enterprises and Regional Innovation, the amount has been listed only in the column of the Organization for Small & Medium Enterprises and Regional Innovation. In addition, duplication has been eliminated from the total number of cases.

(Note 6) Although one case involves both Ministry of Land, Infrastructure, Transport and Tourism and the Building Research Institute, duplication has been eliminated from the total.

(Note 7) Some cases are counted both as “Improprieties” and as “Presentation of Opinions and/or Demand for Measures” (cases related to workers' accident compensation insurance premiums for consolidated fixed-term projects (refer to pages 56 and 60) and cases related to SME Business Transformation Promotion Subsidy (refer to pages 60 and 61)), or both as “Improprieties” and as “Measures Taken” (cases related to irrigation pond decommissioning works (refer to pages 58 and 62)). As such duplications are deducted from the total, adding each Improper Amount does not correspond with the total.

(Note 8) Concerning the categories “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, 2 cases in total have both Improper Amounts and Background Amounts.

2. Brief Description of Audit Cases

The following is a brief description of individual cases.

A Improproprieties

(1) Cabinet Office

(Cabinet Office)

- Excessive payment of entrustment fees due to incorrect calculation of personnel expenses by the companies entrusted with the projects, including the recording of false activity logs to report individuals as having worked on the entrusted projects when they did not actually engage in any related work
- Excessive billing of the costs for the projects for the Child Education and Childcare Benefit Grant
- A portion of the costs for the projects covered by Grant for Promoting the Vision for a Digital Garden City Nation (Digital Implementation Type (TYPE 1)) was ineligible.
- The costs for the projects implemented under the Grant for Accelerating Support for the Ice Age Generation in Regional Employment were ineligible.
- Excessive payment of the Grant for Promoting the Vision for a Digital Garden City Nation (Regional Revitalization Hub Development Type)
- Excessive payment of Child and Child-Rearing Support Grant (relating to the Project for Sound Rearing of Children After School)
- Excessive payment of the Okinawa Promotion and Development Special Grant
- The deliverables such as the implementation design documents acquired under the Subsidy for the Okinawa Tourism Disaster Resilience Enhancement Support Project were never used, resulting in the failure to achieve the subsidy's objective

(2) Cabinet Office

(Consumer Affairs Agency)

- Excessive billing of the costs for the projects implemented using the Regional Consumer Administration Strengthening Grant

(3) Cabinet Office

(Children and Families Agency)

- Excessive payment of entrustment fees due to incorrect calculation of personnel expenses by the companies entrusted with the projects, including the recording of false activity logs to report individuals as having worked on the entrusted projects when they did not actually engage in any related work
- Improper accounting of the Child Education and Childcare Benefit Grant

(4) Ministry of Internal Affairs and Communications

- Some of the costs for the projects for the Temporary Grant for Regional Revitalization for COVID-19 were not eligible
- Excessive billing of the costs for the projects subsidized by the User-Oriented Digital Technologies Utilization Support Promotion Project
- Excessive payment of Special Allocation Tax Grant
- Excessive payment of Special Allocation Tax Grant for Post-Disaster Restoration

(5) Ministry of Foreign Affairs

- Fraud by officials

(6) Ministry of Finance

- Cases of deficiency in tax collection

(7) Ministry of Education, Culture, Sports, Science and Technology

- Excessive payment of entrustment fees due to incorrect calculation of personnel expenses at the companies entrusted with the projects, including the recording of false activity logs to report individuals as having worked on the entrusted projects for longer than they actually did
- Excessive payment of Grants for Improvement of the Facilities of Certified Centers for Early Childhood Education and Care
- Excessive State Contribution to the Cost of Compulsory Education
- Excessive payment of Subsidy for Improvement of Private School Facilities (Educational Equipment, the ICT Utilization Promotion Project, and the Emergency Special Promotion Project for Strengthening Disaster Prevention Functions)
- The projects for the improvement of information equipment for private schools (Distance Learning Promotion Project) were not eligible for subsidies
- Excessive payment of Grant for Improvement of School Facilities and the Environment

(8) Ministry of Health, Labour and Welfare

- Excess and deficiency in collection of Labor Insurance premiums
- Deficiency in collected premiums of Health insurance and Employees' Pension Insurance
- Excessive payment of entrustment fees due to incorrect calculation of personnel expenses by the companies entrusted with the projects, including the recording of false activity logs to report individuals as having worked on the entrusted projects when they did not actually engage in any related work
- Improper payment of Human Resource Development Grant-In-Aid under Employment Insurance
- Improper payment of Special Job Seeker Employment Development Grant-In-Aid under Employment Insurance
- Improper payment of Career Enhancement Grant-In-Aid under Employment Insurance
- Improper payment of Unemployment Benefit under Employment Insurance
- Improper payment of Incentive Grant for Accredited Vocational Training under the support system for job seekers
- Improper payment of old-age employees' pension benefits under Employees' Pension Insurance
- Improper State contribution to medical expenses
- Excessive payment of Subsidy for Securing the Outpatient Acceptance of Fever Clinics in the Flu Season (the Project for Ensuring Outpatient Diagnosis and Testing System for Febrile Patients in Preparation for the Flu Season and the Support Project for Medical Institutions Implementing the Project for Ensuring Outpatient Diagnosis and Testing System for Febrile Patients in Preparation for the Flu Season)
- Excessive payment of the Emergency Comprehensive Support Grant for COVID-19 (for Medical Care) (the portion pertaining to a COVID-19 Control Project and a COVID-19 Intensive Medical Institution System Development Project)

- Excessive payment of the Emergency Comprehensive Support Grant for COVID-19 (for Medical Care) (the portion pertaining to the Facility Development Project for Medical Institutions Hospitalizing COVID-19 Patients)
- Excessive payment of the Emergency Comprehensive Support Grant for COVID-19 (for Medical Care) (the portion pertaining to the COVID-19 Intensive Medical Institution Facility Development Project)
- Excessive use of funds for the projects (for the medical care projects), using the funds created by the Grant for Promoting the Reform of Medical Nursing Care Provision Systems
- Excessive payment of Fiscal Adjustment Grant under national health insurance
- Improper design of construction work covered by Grant for the Seismic Reinforcement of Essential Infrastructure Facilities
- Excessive payment of Subsidy for the Project for Comprehensive Support for Child Care (for the Childcare Assistant Recruitment Enhancement Project)
- Excessive payment of Grant for the Development of Childcare Centers
- Excessive payment of Subsidy for the Employment Support Program for Individuals Experiencing Financial Hardship (for the Project to Implement Caregiving Skills Assessment Tests)
- Excessive State Contribution to Livelihood Assistance Benefits
- Excessive State Contribution to Payment for Services and Supports for Persons with Disabilities
- Excessive State Contribution to the Costs for Involuntary Hospitalization of Persons with Mental Disorders or Disabilities
- Excessive State Contribution to Medical Expenses of People with Disabilities
- Excessive State Contribution to the Nursing Care Benefit
- Excessive payment of Fiscal Adjustment Grant under nursing care insurance
- Improper State contribution to nursing care benefits for elderly persons
- Improper State contribution to training benefits included in [benefits for services and supports]

(9) Ministry of Agriculture, Forestry and Fisheries

- Excessive salary paid to dispatched staff to international organizations
- Excessive payment of entrustment fees and national subsidies due to incorrect calculation of personnel expenses by the companies entrusted with the projects and the companies working on the projects funded by national subsidies, including the recording of false activity logs to report individuals as having worked on the entrusted and subsidized projects when they did not actually engage in any related work
- Recipients of the Agricultural Next-Generation Human Resource Investment Fund did not continue farming throughout the required farming continuation period, making them ineligible for the subsidy
- A portion of the costs for the projects covered by the Grant for Developing Market Scale Expansion Measures Toward the Sixth Industrialization was ineligible
- A portion of the costs for the projects covered by the Comprehensive Support Grant for Promoting Strong Agriculture and Developing Core Farmers was ineligible
- Excessive payment of national subsidies due to incorrect calculation of personnel expenses, including the recording of false activity logs to report individuals as having worked on the subsidized projects when they did not actually engage in any related work
- Excessive billing of the cost of subsidized Project for Enhancing the Preservation of Water Facilities

- Improper design of bed protection works
- Improper design of flood discharge structures
- Improper construction of conduit works
- Improper construction of cheese processing facilities
- Improper planning for irrigation pond decommissioning works
- Improper calculation of subsidies for implementation of facility improvement projects
- Failure to implement the Fukushima Prefecture Seafood Consumption Expansion Project
- Partial failure to implement the projects covered by the Grant for Developing Market Scale Expansion Measures Toward the Sixth Industrialization

(10) Ministry of Economy, Trade and Industry

- Excessive payment of entrustment fees and national subsidies due to incorrect calculation of personnel expenses by the companies entrusted with the projects and by the companies working on the projects funded by national subsidies, including the recording of false activity logs to report individuals as having worked on the entrusted and subsidized projects when they did not actually engage in any related work
- Excessive payment of national subsidies due to incorrect calculation of personnel expenses, including the recording of false activity logs to report individuals as having worked on the subsidized projects when they did not actually engage in any related work
- In implementing the projects to install petroleum product tanks covered by the Subsidy Promoting Preemptive Fuel Stockpiling for Socially Important Infrastructure in Preparation for Disasters, the petroleum product tanks were not connected to emergency generators, making them ineligible for the subsidy
- A portion of the project costs covered by the Subsidy for the Demonstration Projects to Construct a Virtual Power Plant Utilizing Consumer-Side Energy Resources was ineligible
- Improper construction of the piping for equipment installed under the Subsidy for the Energy-Saving Investment Promotion and Demand Structure Transformation Support Projects

(11) Ministry of Land, Infrastructure, Transport and Tourism

- Excessive cost for the defect repair works as the contract modification, such as the application of unit prices based on the actual construction status, was not implemented
- Fees charged for the use of State-managed tunnels and other facilities are low
- Improper design of retaining walls
- Improper design of the lateral displacement restraint structure for the bridge deck
- Improper design of the bridge bearing seat
- Improper design of the box culvert
- Improper design of the rockfall protection works
- Improper design of the sidewall revetment
- Improper calculation of project costs related to reducing rent for disaster-relief public housing
- Improper calculation of compensation payments for relocating toilet facilities and gas pipes
- Excessive payment of Subsidy for the Projects Promoting Travel Around Japan by Foreign Visitors
- Improper procedures for disposing of assets acquired through subsidized projects
- Excessive payment of national subsidies due to incorrect calculation of personnel expenses, including the recording of false activity logs to report individuals as having worked on the subsidized

- projects when they did not actually engage in any related work
- Improper construction of retaining walls
- A portion of the cost of works covered by the Building Research Institute Facility Improvement Subsidy was ineligible
- A portion of the project costs covered by subsidies related to port improvement works was ineligible for the subsidy
- Improper planning for rockfall protection fences
- Excessive estimate of the costs for emergency generators

(12) Ministry of the Environment

- Excessive payment of entrustment fees due to incorrect calculation of personnel expenses by the companies entrusted with the projects, including the recording of false activity logs to report individuals as having worked on the entrusted projects when they did not actually engage in any related work
- The contract price of the Demonstration Project on Removed Soil Regeneration and Reuse Technologies was higher than the actual price
- Improper design of the solar power generation equipment installed using the Grant for the Carbon Dioxide Emission Reduction Measures (Regional Decarbonization Transition and Renewable Energy Promotion Grant)
- Excessive State contribution for the implementation of the public compensation

(13) Ministry of Defense

- Diving training records were not managed properly, resulting in overpayment of diving allowances based on special duty records that did not accurately reflect actual work
- In the Japan Air Self-Defense Force's cloud system maintenance contracts (logistics support services), the contract prices were higher than the actual prices due to the cost fluctuation adjustment rate being applied incorrectly when calculating the estimated prices for the modified contracts to reflect the addition of performance items
- Fraud by officials

(14) Cabinet Office, Cabinet Office (Children and Families Agency), Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of the Environment

- Excessive payment of entrustment fees and national subsidies due to incorrect calculation of personnel expenses by the companies entrusted with the projects and by the companies working on the projects funded by national subsidies, including the recording of false activity logs to report individuals as having worked on the entrusted and subsidized projects when they did not actually engage in any related work

(15) The Promotion and Mutual Aid Corporation for Private Schools of Japan

- Improper accounting of Subsidy for Private Universities' Current Expenses

(16) National Institute for Materials Science

- Fraud by officials

(17) National Institutes for Quantum Science and Technology

- Improper management of the dynamic nuclear polarization device resulted in failure to achieve its intended purpose, as it was never utilized

(18) Building Research Institute

- Violation of accounting regulations by paying contract fees based on false inspection reports for the renovation of electrical equipment in the laboratory building

(19) Japan agency of Maritime Education and Training for Seafarers

- Fraud by officials

(20) Japan International Cooperation Agency (JICA)

- Excessive procurement of tablet devices

(21) Japan Organization of Occupational Health and Safety

- Improper administration of the contract for the construction work necessary to establish the comprehensive patient support center

(22) National Hospital Organization

- Fraud by officials

(23) Organization for Small & Medium Enterprises and Regional Innovation

- Excessive payment of the Manufacturing, Commerce, and Service Productivity Enhancement Promotion Subsidy
- Excessive payment of the Small and Medium Enterprise Business Transformation Promotion Subsidy

B Presentation of Opinions and/or Demand for Measures

(1) Cabinet Office

(Children and Families Agency)

Presentation of Opinions ③⑥ - System design for surcharging extended hours of operation for after-school children's clubs under the Sound Upbringing of After-School Children Project that are eligible for Child and Child-Rearing Support Grant

(2) Ministry of Foreign Affairs

Presentation of Opinions ③⑥ - Status of use of the counterpart funds

Presentation of Opinions ③⑥ - Implementation status of Official Development Assistance (ODA)

(3) Ministry of Health, Labour and Welfare

Demand for Measures ③④ - Calculation of Contribution for the Counseling and Support Services Promoting Self-Reliance of the Individuals Experiencing Financial Hardship under the Health Management Support Project for Public Assistance Recipients

Demand for Measures ③④ Presentation of Opinions ③⑥ - Collection of Industrial Accident Compensation Insurance Premium and survey of calculation bases for employers conducting grouped business with a definite term

Demand for Measures ③④ ③⑥ Presentation of Opinions ③⑥ - Review and payment of medical expenses for Services and Supports for Persons with Disabilities in rehabilitation medical care for

individuals receiving medical payments from both systems for the Services and Supports for Persons with Disabilities and the Specific Disease under the Health Insurance

(4) Ministry of Agriculture, Forestry and Fisheries

Demand for Measures 36 - Confirmation of feasibility for sowing perennial forage grasses for two consecutive years in the projects funded by the Direct Payment Grant on Utilization of Rice Paddy Fields

(5) Ministry of Economy, Trade and Industry

Presentation of Opinions 36 - Understanding the use of assets acquired by the project entities and the status of commercializing the business restructuring under the Small and Medium Enterprise Business Transformation Promotion Project

Demand for Measures 36 - Scale of holdings in the Special Fund for Business Stability Guarantees relating to Great East Japan Earthquake Recovery Emergency Guarantee program, as administered by the Japan Federation of Credit Guarantee Corporations

Demand for Measures 36 - Handling of assets under the Account for the Promotion of Basic Technology Research of the New Energy and Industrial Technology Development Organization

(6) Ministry of the Environment

Demand for Measures 34 36 - Management of park facilities within the national parks

Presentation of Opinions 36 - Calculation of general administrative expenses in the entrusted operations

(7) East Nippon Expressway Company Limited, Central Nippon Expressway Company Limited, West Nippon Expressway Company Limited

Demand for Measures 36 - Status of landslide disaster risk reduction measures in hazardous areas outside the road zone of expressways

(8) Japan International Cooperation Agency (JICA)

Presentation of Opinions 36 - Status of use of the counterpart funds

Presentation of Opinions 36 - Implementation status of Official Development Assistance (ODA)

(9) New Energy and Industrial Technology Development Organization

Demand for Measures 36 - Handling of assets under the Account for the Promotion of Basic Technology Research of the New Energy and Industrial Technology Development Organization

(10) Japan Water Agency

Presentation of Opinions 36 - Flood mitigation measures at pumping and drainage stations

(11) Organization for Small & Medium Enterprises and Regional Innovation

Presentation of Opinions 36 - Understanding the use of assets acquired by the project entities and the status of commercializing the business restructuring under the Small and Medium Enterprise Business Transformation Promotion Project

C Measures Taken

(1) Ministry of Foreign Affairs

- Repair work on boundary fences and related structures for offices of overseas diplomatic

establishments

(2) Ministry of Finance

- Status of taxation pertaining to stock options

(3) Ministry of Health, Labour and Welfare

- Calculation of first visit fees and subsequent visit fees on specific health checkup dates

(4) Ministry of Agriculture, Forestry and Fisheries

- Confirmation of the impacts of irrigation pond decommissioning works on downstream areas
- Effective use of the 3D laser scanner procured to improve the efficiency of harvest surveys
- Design guidelines for applying earthquake-resistant design to farm ponds

(5) Ministry of Land, Infrastructure, Transport and Tourism

- Seismic resistance of auxiliary water pipeline bridges
- Eligible expenses for LNG bunkering development projects
- Implementation of airport firefighting and related services

(6) Ministry of the Environment

- Timing for initiating purchase procedures for equipment used for the Demonstration Project of Removed Soil Recycling Technologies

(7) Ministry of Defense

- Status of use of Type I UAV for disaster relief (disaster response drones)
- Implementation status of the estimation method utilizing estimates at the Ministry of Defense
- Management of items procured through Foreign Military Sales (FMS)
- Management of Type 2 radios for anti-aircraft/missile units

(8) Ministry of Health, Labour and Welfare, Ministry of the Environment

- Confirmation of pending allowances in the salary calculation for dispatched staff to international organizations

(9) Organization for Small & Medium Enterprises and Regional Innovation

- Handling of repayments under the Support Project for Facility and Equipment Improvements for SMEs Affected by the Great East Japan Earthquake

(10) Shikoku Railway Company

- Setting baseline prices for maintenance and related services in information systems contracts

(11) Japan Post Bank Co., Ltd.

- Effective use of the new over-the-counter terminals

D Special Report to the Diet and the Cabinet, etc.

(1) Special Report to the Diet and the Cabinet

The following reports were submitted to the Diet and the Cabinet prior to the submission of the Audit Report pursuant to the provision of Article 30-2:

- Status of loan claims pertaining to COVID-19 special loans to SMEs and guarantee obligations for COVID-19-related guarantees
- Status of applicability and verification of the additional tax credit for education and training expenses under the Special Tax Measures (special deduction system for corporate tax upon salary increases)
- Operation status of the fixed-wing patrol aircraft (P-1) developed in Japan
- Status of information security measures for information systems of each ministry and agency
- Status of contributions to international organizations

(2) Special Report on Audit Requested by the Diet

The following reports were submitted to the Diet based on requests from the Diet:

- Results of the audit on promotional measures implemented to stimulate travel demand affected by the spread of COVID-19
- Results of the audit on the status of operations of public-private funds

(3) Report on Specific Matters

The Board conducted audits on the following matters which were found necessary to be included in the Audit Report:

- Status of the use of general reserve funds
- Implementation status of forest improvement projects undertaken by municipalities and other entities funded by the Forest Environment Transfer Tax
- Application of the Simplified Consumption Tax System to corporations with a large amount of taxable sales
- Financial status pertaining to affiliated companies of Incorporated Administrative Agencies
- Transactions of Japan Broadcasting Corporation (NHK) with affiliated organizations and the status of retained earnings of the affiliated organizations at Japan Broadcasting Corporation (NHK)

(Note) The names of projects, etc. in each audit case are provisional translation made by the Board.

The Board of Audit Act

I hereby sanction and promulgate the amendment of the Board of Audit Act effected following the consultation with the Privy Council and the decision of the Imperial Diet.
Signed: HIROHITO, Seal of the Emperor

Act No.73 of 1947 (latest amendment by Act No. 68 of 2022)

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THE BOARD OF AUDIT ACT

CHAPTER I ORGANIZATION

Section I General Provisions

- Article 1 The Board of Audit is independent from the Cabinet.
- Article 2 The Board of Audit is composed of the Audit Commission consisting of three Commissioners, and the General Executive Bureau.
- Article 3 The person elected by the Commissioners from among themselves is appointed President of the Board of Audit by the Cabinet.

Section II Commissioners

- Article 4
- (1) Commissioners are appointed by the Cabinet, with the consent of both Houses of the Diet.
 - (2) Notwithstanding the provisions of the preceding paragraph, if the term of office of a Commissioner expires or a vacancy occurs among the Commissioners, and the consent of both Houses of the Diet cannot be obtained because the Diet is not in session or due to the dissolution of the House of Representatives, the Cabinet may appoint a Commissioner without obtaining the consent of both Houses of the Diet.
 - (3) In the case referred to in the preceding paragraph, approval must be sought from both Houses of the Diet at the first session of the Diet convened after the appointment. If approval is not obtained from both Houses of the Diet, the relevant Commissioner will retire from office by operation of law.
 - (4) The Emperor attests the appointment and dismissal of Commissioners.
 - (5) The remuneration for Commissioners is provided for separately in another Act.
- Article 5
- (1) A Commissioner's term of office is five years, and a Commissioner may be reappointed for only another term.
 - (2) If a vacancy arises in the office of Commissioner during their term of office, the succeeding Commissioner will hold office for the remaining term of the predecessor.
 - (3) Commissioners retire from office upon reaching the age of 70.
- Article 6 A Commissioner retires from office if a resolution is adopted by both Houses of the Diet following a decision by mutual consent of the other Commissioners that the Commissioner is unable to perform their duties due to a mental or physical disorder or that the other Commissioners made a decision by mutual consent that the Commissioner has in fact breached their obligation in the course of duty.
- Article 7 A Commissioner forfeits their office if the Commissioner is sentenced to a punishment of imprisonment or greater by a criminal court.

Article 8 Except in cases referred to in the latter part of Article 4, paragraph (3) and the preceding two Articles, a Commissioner does not forfeit their office against their own will.

Article 9 A Commissioner may neither concurrently hold any other office, nor become a member of the Diet, an employee of a local government, or a member of a local assembly.

Section III Audit Commission

Article 10 The President of the Board of Audit assumes the role of the Chair of the Audit Commission.

Article 11 The following matters are decided by the Audit Commission:

- (i) enactment, amendment, or repeal of the Regulations of the Board of Audit under the provisions of Article 38;
- (ii) the statement of audit under the provisions of Article 29;
- (ii)-2 a report under the provisions of Article 30-2;
- (iii) determination of the entities subject to audit under the provisions of Article 23;
- (iv) matters relating to the Submission of Accounts under the provisions of Article 24;
- (v) matters relating to a demand for disciplinary action under the provisions of Article 31 of this Act; Article 13, paragraph (2) of the Act on Prevention of Delays in Payment under Government Contracts (Act No.256 of 1949); and Article 6, paragraphs (1) and (4) of the Act on the Responsibilities of Government Employees Who Execute the Budget (Act No.172 of 1950) (including as applied mutatis mutandis pursuant to the provisions of Article 9, paragraph (2) of that Act);
- (vi) adjudication and re-adjudication under the provisions of Article 32 of this Act (including as applied mutatis mutandis pursuant to the provisions of Article 10, paragraph (3) and Article 11, paragraph (2) of the Act on the Responsibilities of Government Employees Who Execute the Budget); and Article 4, paragraph (1) and Article 5 of the Act on the Responsibilities of Government Employees Who Execute the Budget (including as applied mutatis mutandis pursuant to the provisions of Article 8, paragraph (3) and Article 9, paragraph (2) of that Act);
- (vii) decision for examination under the provisions of Article 35;
- (viii) presentation of opinions or demand for measures under the provisions of Article 36;
- (ix) presentation of opinions under the provisions of Article 37 of this Act and Article 9, paragraph (5) of the Act on the Responsibilities of Government Employees Who Execute the Budget.

Section IV General Executive Bureau

Article 12 (1) The General Executive Bureau undertakes general affairs and functions of audit and examination under the direction and supervision of the Audit Commission.

- (2) The General Executive Bureau has a Secretariat and the following five Bureaus:
 - 1st Bureau
 - 2nd Bureau
 - 3rd Bureau
 - 4th Bureau
 - 5th Bureau
- (3) Assignment of functions to the Secretariat and the Bureaus, and the organizational subdivisions thereof, are as provided for by the Regulations of the Board of Audit.

Article 13 The General Executive Bureau has one Secretary General, one Deputy Secretary General, personal secretaries, administrative officials, technical officials, and other necessary employees.

- Article 14
- (1) Employees referred to in the preceding Article are appointed, dismissed, promoted, and demoted by the President of the Board of Audit pursuant to a general agreement reached by mutual consent of the Commissioners.
 - (2) The President of the Board of Audit may delegate the authority referred to in the preceding paragraph to the Secretary General pursuant to a consensus decision made by the Commissioners.

- Article 15
- (1) The Secretary General presides over the functions of the General Executive Bureau, and signs its official documents.
 - (2) The Deputy Secretary General assists the Secretary General and, if the office of Secretary General becomes vacant or the Secretary General is incapacitated, the Deputy Secretary General carries out the duties of that office.

- Article 16
- (1) Each Bureau has a Director General.
 - (2) The Director General administers the functions of the Bureau, under the orders of the Secretary General.

- Article 17
- (1) Personal secretaries engage in functions involving confidential matters, under the orders of the Commissioner.
 - (2) Administrative officials engage in general affairs, functions of audit, or examination under the direction of their superiors.

Article 18 Technical officials engage in technical work, under the direction of their superiors.

Article 19 The Board of Audit may have branch offices as provided for by the Regulations of the Board of Audit.

Section V The Review Board of the Board of Audit for the Information Disclosure and Personal Information Protection

Article 19-2 (1) The Board of Audit has the Review Board of the Board of Audit for the Information Disclosure and Personal Information Protection, in order to respond to inquiries from the President of the Board of Audit and to review

and deliberate the request for administrative review under the provisions of Article 19, paragraph (1) of the Act on Access to Information Held by Administrative Organs (Act No.42 of 1999) and Article 105, paragraph (1) of the Act on the Protection of Personal Information (Act No.57 of 2003).

- (2) The Review Board of the Board of Audit for the Information Disclosure and Personal Information Protection is composed of three Members.
- (3) Members serve on a part-time basis.

Article 19-3 (1) Members are appointed by the President of the Board of Audit with the consent of both Houses of the Diet, from among persons having broad knowledge and strong acumen.

- (2) Notwithstanding the provisions of the preceding paragraph, the President of the Board of Audit may appoint a Member from among persons who have the qualifications under the preceding paragraph, if the term of office of a Member expires or a vacancy occurs in the Members and the consent of both Houses of the Diet cannot be obtained because the Diet is not in session or due to the dissolution of the House of Representatives.
- (3) In the case referred to in the preceding paragraph, ex post facto approval must be obtained from both Houses of the Diet at the first session of the Diet after the appointment. In this case, if ex post facto approval is not obtained from both Houses of the Diet, the President of the Board of Audit must immediately dismiss the relevant Member.
- (4) A Member's term of office is three years; provided, however, that the term of office of a Member filling the vacancy is the remaining term of the predecessor.
- (5) Members may be reappointed.
- (6) When a Member's term of office expires, the relevant Member is to continuously carry out their duties until a successor is appointed.
- (7) If the President of the Board of Audit finds that a Member is unable to perform their duties due to a mental or physical disorder, or finds that a Member is in breach of obligation in the course of duty or has engaged in conduct unbecoming a Member, the President of the Board of Audit may dismiss the Member, after having obtained the consent of both Houses of the Diet.
- (8) A Member must not divulge any confidential information learned in the course of duty. The same applies after a Member has left office.
- (9) While in office, a Member may neither become the officer of a political party or other political organization, nor actively take part in political activities.
- (10) The remuneration for Members is provided for separately in another Act.

Article 19-4 The provisions of Chapter III of the Act for Establishment of the Information Disclosure and Personal Information Protection Board (Act No.60 of 2003) apply mutatis mutandis to the procedures for review and deliberation implemented by the Review Board of the Board of Audit for the Information Disclosure and Personal Information Protection. In this case, the phrase the "Review Board" in that chapter is deemed to be replaced with the "Review Board of the Board of Audit for the Information Disclosure and Personal Information Protection.."

Article 19-5 A person who has divulged any confidential information, in violation of the

provisions of Article 19-3, paragraph (8), is subject to imprisonment for not more than one year or to a fine not exceeding 500,000 yen.

Article 19-6 Beyond what is provided for in Articles 19-2 to 19-5, particulars necessary for the Review Board of the Board of Audit for the Information Disclosure and Personal Information Protection are prescribed by the Regulations of the Board of Audit.

CHAPTER II MANDATE

Section I General Provisions

Article 20 (1) The Board of Audit audits the final accounts of the revenues and expenditures of the State, pursuant to the provisions of Article 90 of the Constitution of Japan, and also audits the accounts provided for by law.

(2) The Board of Audit continuously conducts audit, supervises financial management, ensures its adequacy, and rectifies any defects.

(3) The Board of Audit is to conduct audits in terms of accuracy, regularity, economy, efficiency, effectiveness, and from other perspectives necessary for auditing.

Article 21 The Board of Audit verifies the final accounts of the revenues and expenditures of the State based on the results of its audit.

Section II Scope of Audit

Article 22 The following items require audits by the Board of Audit:

- (i) monthly revenues and expenditures of the State;
- (ii) receipts and payments of cash, and receipts and transfers of goods owned by the State as well as those of national properties;
- (iii) acquisition or loss of claims held by the State, or an increase or decrease in government bonds and other obligations;
- (iv) receipts and payments of cash, and receipts and transfers of precious metals and securities handled by the Bank of Japan on behalf of the State;
- (v) accounts of juridical persons to which the State has contributed 50 percent or more of their stated capital;
- (vi) accounts specified by law as being subject to audit by the Board of Audit.

Article 23 (1) The Board of Audit may audit financial management set forth below, if it finds it necessary to do so, or at the request of the Cabinet:

- (i) securities owned or retained by the State, or cash and goods retained by the State;
- (ii) receipts and payments of cash or receipts and transfers of goods and securities handled by entities other than the State, on behalf of the State;
- (iii) accounts of an entity for which the State has directly or indirectly granted a subsidy, incentive, or aid, or extended other financial assistance such as a loan or an indemnity;
- (iv) accounts of an entity whose stated capital has been contributed in part by the

- State;
- (v) accounts of an entity whose stated capital has been contributed by an entity whose stated capital has been contributed by the State;
 - (vi) accounts of an entity for whose borrowings the State guarantees payment of the principal or interest;
 - (vii) accounts of a contractor for construction work implemented or other services provided by the State or a juridical person provided for in item (v) of the preceding Article (hereafter referred to as the "State, etc. " in this item), or an entrustee to whom administrative work or services are entrusted by the State, etc. or a supplier of goods to the State, etc., which relate to the contract with the State, etc.
- (2) When the Board of Audit conducts an audit pursuant to the provisions of the preceding paragraph, they are to notify the parties concerned of this.

Section III Auditing Methods

- Article 24 (1) An entity subject to audit by the Board of Audit must, pursuant to the regulations on the Submission of Accounts established by the Board of Audit, regularly submit statements of accounts (including electromagnetic records (meaning a record used in computerized information processing which is created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses, and which are established by the Regulations of the Board of Audit as those for use in computer data-processing; the same applies in the following paragraph) on which the matters that must be stated in the relevant statement of accounts have been recorded; the same applies hereafter) and documentary evidence (including electromagnetic records on which the matters that must be stated in the relevant documentary evidence have been recorded; the same applies hereafter) to the Board of Audit.
- (2) Other documents specified by the Board of Audit (including electromagnetic records on which the matters that must be stated in the relevant documents have been recorded) may be submitted to the Board of Audit regarding the receipts and payments of cash, and receipts and transfers of goods and securities owned or retained by the State, in place of the statements of accounts and documentary evidence set forth in the preceding paragraph.
- Article 25 The Board of Audit may dispatch its employees to conduct a field audit on a regular or temporary basis. In this case, the entity subject to the field audit must accept it.
- Article 26 When the Board of Audit finds it necessary for them to conduct an audit, the Board may request the entity subject to the audit to submit its books, documents, other materials, or reports, or may question any relevant entity or request the relevant entity to appear. In this case, the entity that has been requested to submit its books, documents, other materials, or reports, or the relevant entity questioned or requested to appear must respond accordingly.
- Article 27 If one of the following facts occurs with regard to financial management subject to audit by the Board of Audit, the head of the relevant ministry or agency or the supervisory government agency, or other responsible person equivalent thereto must report this immediately to the Board of Audit:

- (i) revelation of a crime in relation to the accounting;
- (ii) discovery of loss of cash, securities, or other properties.

Article 28 The Board of Audit, if it is necessary for an audit, may request government agencies, public entities, and any other party to submit materials, give expert opinions, etc.

Section IV Statement of Audit

Article 29 The following matters must be set forth in the statement of audit to be prepared pursuant to Article 90 of the Constitution of Japan:

- (i) verification of the final accounts of the revenues and expenditures of the State;
- (ii) whether the amounts in the final accounts of the revenues and expenditures of the State are equal to the amounts in the statements of accounts submitted by the Bank of Japan;
- (iii) whether any item is found to be in violation of the law, Cabinet Order, or the approved budget, or to be improprieties, based on audit findings;
- (iv) whether there are any payments from the reserve fund that have not gone through the procedures for obtaining the Diet's approval;
- (v) matters for which the Board of Audit has demanded disciplinary action pursuant to the provisions of Article 31 of this Act, Article 13, paragraph (2) of the Act on Prevention of Delay in Payment under Government Contracts, and Article 6, paragraph (1) of the Act on the Responsibilities of Government Employees Who Execute the Budget (including as applied *mutatis mutandis* pursuant to the provisions of Article 9, paragraph (2) of that Act), and the results thereof;
- (vi) adjudication and re-adjudication under the provisions of Article 32 of this Act (including as applied *mutatis mutandis* pursuant to the provisions of Article 10, paragraph (3) and Article 11, paragraph (2) of the Act on the Responsibilities of Government Employees Who Execute the Budget), and Article 4, paragraph (1) and Article 5 of the Act on the Responsibilities of Government Employees Who Execute the Budget (including as applied *mutatis mutandis* pursuant to the provisions of Article 8, paragraph (3) and Article 9, paragraph (2) of that Act);
- (vii) matters on which the Board of Audit has presented its opinions or for which measures are demanded pursuant to the provisions of Article 34, and the results thereof;
- (viii) matters on which the Board of Audit has presented its opinions or for which measures are demanded pursuant to the provisions of Article 36, and the results thereof.

Article 30 If the Board of Audit finds it necessary to appear before the Diet to explain the statement of audit referred to in the preceding Article, it may explain the statement by having a Commissioner appear before the Diet or in writing.

Article 30-2 The Board of Audit may, at any time, report to the Diet and the Cabinet on matters on which the Board of Audit has presented its opinions or for which measures are demanded pursuant to the provisions of Article 34 or 36, or on other matters that the Board of Audit finds it particularly necessary to report.

Article 30-3 If the Board of Audit receives a request from either one of the Houses, the Committees thereof, or any of the Research Committees of the House of Councillors under the provisions of Article 105 of the Diet Law (Act No.79 of 1947) (including as applied mutatis mutandis pursuant to the provisions of Article 54-4, paragraph (1) of that Act), it may conduct an audit of the specific matters requested and report the results.

Section V Liabilities of Accounting Officials

Article 31 (1) If the Board of Audit has concluded, as a result of its audit, that an official who handles the accounting for the State has caused substantial damage to the State intentionally or by gross negligence, the Board of Audit may demand the head of the relevant ministry or agency or other person responsible for supervision to take disciplinary action.

(2) The provisions of the preceding paragraph apply mutatis mutandis if an official who handles the accounting for the State does not observe the regulations on the submission of accounts, for instance, a failure to submit statements of accounts and documentary evidence due to negligence, or if an official who has received a demand under the provisions of Article 26 fails to comply with the demand.

Article 32 (1) If an official responsible for cash handling has lost cash, the Board of Audit examines whether they have in fact caused damage to the State through their failure to exercise the due care of a prudent manager, and adjudicates whether they are liable to indemnify.

(2) If an official responsible for handling goods has lost or damaged the goods or otherwise caused damage to the State by handling goods in violation of the provisions of the State-Owned Goods Management Act (Act No.113 of 1956) or by not handling the goods in compliance with the provisions of that Act, the Board of Audit examines whether they have in fact caused damage to the State intentionally or by gross negligence, and adjudicates whether they are liable to indemnify.

(3) If the Board of Audit has adjudicated that an official responsible for cash handling or an official responsible for handling goods is liable to indemnify, the head of the relevant ministry or agency to which the official belongs or any other person responsible for supervision must order the official to pay the indemnity in accordance with the adjudication referred to in the preceding two paragraphs.

(4) The liabilities to indemnify provided for in paragraph (1) or (2) is not reduced or exempted unless otherwise based on the resolution adopted by the Diet.

(5) Even if the Board of Audit has adjudicated that an official responsible for cash handling or an official responsible for handling goods is not liable to indemnify pursuant to the provisions of paragraph (1) or (2), the Board of Audit may re-adjudicate the liabilities for only another five years if it finds that the adjudication was improper, due to an error or omission, etc., in the statement of accounts or documentary evidence. The provisions of the preceding two paragraphs apply mutatis mutandis in this case.

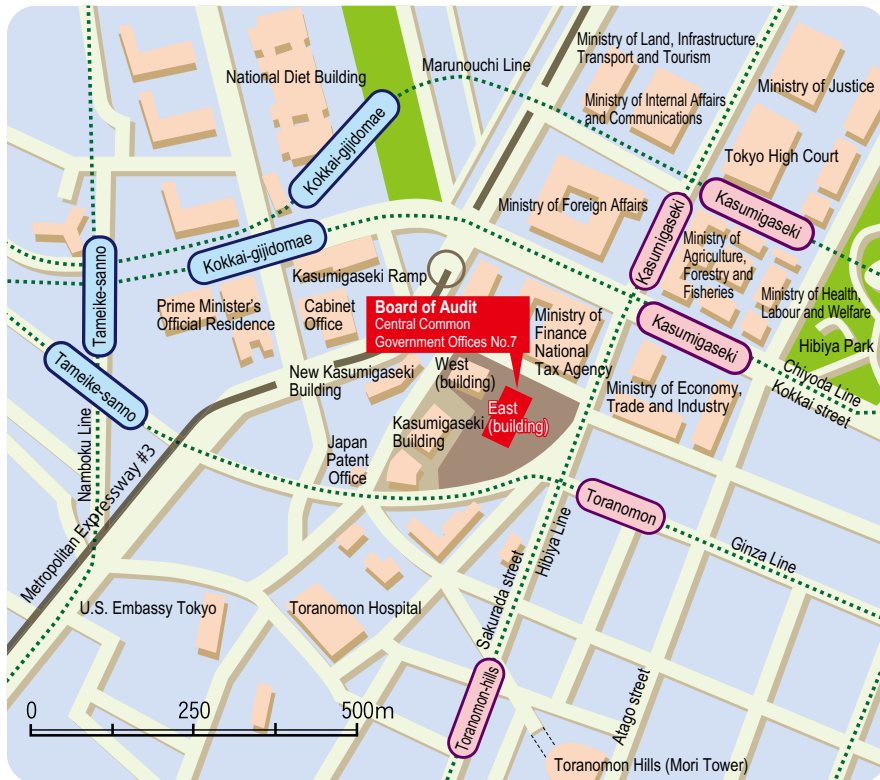
Article 33 If the Board of Audit concludes, as a result of its audit, that an official who handles the accounting for the State has committed a crime in the course of duty, it must notify the Public Prosecutors Office of the case.

Section VI Miscellaneous Provisions

- Article 34 If the Board of Audit finds that, in the course of its audit, there are items that violate laws and regulations on financial management or that are improper, it may immediately present its opinions on the financial management to the head of the relevant ministry or agency or a relevant person, or demand them to take appropriate measures for the financial management, and may have them take measures to rectify and improve subsequent management.
- Article 35 (1) If the Board of Audit has been requested by an interested party to examine the handling of financial management conducted by an official who handles the accounting for the State, the Board of Audit must examine that official's handling and, as a result of that, if the Board of Audit concludes that the handling needs to be corrected, it must notify its judgement to the competent authorities or other responsible parties.
- (2) Upon receipt of a notification referred to in the preceding paragraph, the competent authorities or responsible parties must take appropriate measures pursuant to the notification of the judgement.
- Article 36 If, as a result of its audit, the Board of Audit finds that there are any matters concerning laws and regulations, systems or administration that need to be improved, it may present its opinions to the competent authorities or other responsible parties, or demand them to take measures for the improvement.
- Article 37 (1) The Board of Audit shall be notified of the following cases in advance and may present its opinions thereon:
- (i) enactment, amendment, or repeal of laws and regulations concerning State financial management;
 - (ii) enactment, amendment, or repeal of rules and regulations concerning receipts and payments of cash, receipts and transfers of goods and securities, and bookkeeping of the State.
- (2) If an official who handles the accounting for the State seeks the opinion of the Board of Audit regarding the matters on which the official has questions in performing their official duties, the Board of Audit must give its feedback on these matters.

CHAPTER III REGULATIONS OF THE BOARD OF AUDIT

- Article 38 Beyond what is provided for in this Act, the Board of Audit sets regulations necessary for the audits.



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Kasumigaseki (Subway: Chiyoda Line, Hibiya Line, Marunouchi Line)

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