

II Summary of Audit Results

1. Audit Results by Category and by Auditee

The total number of cases listed in the Audit Report for FY2020 was 210. Of these, the number of cases which were found not appropriate (Improper/Unreasonable Matters) was 192 and the improper amounts¹ totalled 210,872.31 million yen. (There were also background amounts² concerning the problem cases.) The following Table 1 shows the breakdown of the 210 cases by category.

Table 1: Audit Findings by Category

Category	Number of audit cases	Improper amounts (Unit: million YEN)
• Improprieties ^(Note 1)	157	6,633.01
• Presentation of Opinions and/or Demand for Measures ^(Note 2)	15 ^(Note 7)	20,488.73
• Measures Taken ^(Note 3)	20 ^(Note 7)	183,750.57
Total of Improper/Unreasonable Matters	192	210,872.31
• Special Report to the Diet and the Cabinet ^(Note 4)	2	
• Special Report on Audit Requested by the Diet ^(Note 5)	5	
• Report on Specific Matters ^(Note 6)	11	
Grand total	210	

(Note 1) Improprieties: Matters being found, as a result of audit, in violation of the law, Cabinet Order, the approved budget, or being found improper.

(Note 2) Presentation of Opinions and/or Demand for Measures: Matters regarding which the Board has presented its opinions or demanded measures to relevant ministers etc. pursuant to the provisions of Article 34 and 36 of the Board of Audit Act.

(Note 3) Measures Taken: Matters for which the auditee took measures for improvement in response to the findings of the Board.

- (Note 4) 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.
- (Note 5) Special Report on audits 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.
- (Note 6) Report on Specific Matters: A report on specific matters which the Board finds necessary to report among audit activities of the Board.
- (Note 7) 7 cases of “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, in multiple situations, have both improper amounts and background amounts.

¹ 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.

² Background Amounts: 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.

Table 2 shows the breakdown of 192 cases of “Improper/Unreasonable Matters” (Improperities, Presentation of Opinions and/or Demand for Measures and Measures Taken in Table 1) by auditee.

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

(unit of monetary amount, million YEN)

Category Auditee	Improperities		Presentation of Opinions and/or Demand for Measures (Note 1)		Measures Taken (Note 1)		Total (Note 1)	
	Cases	Amount	Article (Note 2) /Cases (Note 3) (Note 4)	Amount (Note 3)	Cases	Amount	Cases	Amount
Cabinet Office	3	29.75	③④ 2 ③⑥ 1	136.61 (65.67) 35.78			6	(Note 3) (Note 4) 202.14 (65.67)
Cabinet Office (National Police Agency)					1	(21,336.32)	1	(21,336.32)
Ministry of Internal Affairs and Communications	8	199.83			1	350.47	9	550.30
Ministry of Finance	1	154.92	③⑥ 1	(920.97)	1	160,197.76	3	160,352.68 (920.97)
Ministry of Education, Culture, Sports, Science and Technology	19	182.12			1	(4,492.43)	20	182.12 (4,492.43)
Ministry of Health, Labour and Welfare	54	1,971.12	(Note 3) (Note 4) ③④ 3 ③④ • ③⑥ 1	(Note 3) 72.03 (50,681.32) (380.88)	1	20.87	(Note 3) (Note 4) 59	(Note 3) (Note 3) 2,064.02 (50,681.32) (380.88)
Ministry of Agriculture, Forestry and Fisheries	15	1,100.78	(Note 4) ③④ • ③⑥ 1 ③⑥ 4	3,360.98 (2,696.72) 15,754.21	(Note 4) 4	2,554.21 (1,113.52) (3,309.71)	(Note 4) 24	(Note 4) 22,770.18 (2,696.72) (1,113.52) (3,309.71)
Ministry of Economy, Trade and Industry	1	3.51	③④ • ③⑥ 1	154.87	1	512.54	3	670.92
Ministry of Land, Infrastructure, Transport and Tourism	25	209.25	③⑥ 1	860.48	(Note 4) 1	143.34 (2,653.59)	(Note 4) 27	(Note 4) 1,213.07 (2,653.59)

Auditee \ Category	Improprieties		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Cases	Amount	Article (Note 2) /Cases	Amount (Note 1)	Cases (Note 1)	Amount (Note 1)	Cases (Note 1)	Amount (Note 1)
Ministry of the Environment	8	365.49					8	365.49
Ministry of Defense	3	499.37			(Note 4) 3	537.02 (2,834.37)	(Note 4) 6	1,036.39 (2,834.37)
Japan Pension Service			(Note 4) ③④・③⑥ 1	113.77 (65.72)			(Note 4) 1	113.77 (65.72)
New Energy and Industrial Technology Development Organization					1	14.85	1	14.85
Japan Sport Council	2	620.74					2	620.74
Japan Railway Construction, Transport and Technology Agency					1	83.30	1	83.30
Japan Housing Finance Agency	17	1,290.79			1	7,400.00	18	8,690.79
Nippon Hoso Kyokai (NHK: Japan Broadcasting Corporation)	1	5.29			1	207.77	2	213.06
Nippon Telegraph and Telephone East Corporation					1	1,002.05	1	1,002.05
Nippon Telegraph and Telephone West Corporation					1	10,726.39	1	10,726.39
Total	157	6,633.01	(Note 3) 15	20,488.73	20	183,750.57	(Note 3) 192	210,872.31

- (Note 1) The amounts in parentheses are background amounts, which are not totaled since the basis for determining the background amounts differs from case to case.
- (Note 2) 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 3) Although one case involves both the Cabinet Office and the Ministry of Health, Labour and Welfare, the amount has been listed only in the column of the Cabinet Office. In addition, duplication has been eliminated from the total number of cases.
- (Note 4) Concerning the categories “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, 7 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 Improper/Unreasonable Matters by Ministry/Agency

(1) Cabinet Office

(Cabinet Office)

Improprieties - Improper execution of and accounting for projects with subsidies or grants:

- a. Improper calculation of subsidized amounts:
 - (a) Excessive payment of child and child-rearing support grants (the portion for the community child care support centers project)
 - (b) Excessive payment of child and child-rearing support grants (the portion for the after-school classes for children project)
- b. Improper design and construction of works:

Improper design and construction of hot and chilled water generators and other machines, which were aided by the regional revitalization base development grant

Demand for Measures 34 - Calculation of the amount of the subsidies for the operation cost of company-led childcare projects

Demand for Measures 36 - Calculation of the grant for projects for developing Off-Site Emergency Managing Control Centers, out of grant for emergency safety measures for nuclear power generation facilities

(National Police Agency)

Measures Taken - Measures to prevent water intrusion into police facilities

(2) Ministry of Internal Affairs and Communications

Improprieties - The purpose of the subsidies was not achieved, because seismic measures were not taken in the existing storage racks for installing parent machines of wireless access devices purchased with the aid of the public wireless LAN environment development support project.

Improprieties - Excessive payment of special allocation tax grant

Measures Taken - Reduction adjustment for nuclear power-related special grant tax

(3) Ministry of Finance

Improprieties - Cases of deficiency in tax collection

Demand for Measures 36 - Establishment of audit systems for recording refunds as revenue as a result of applying the special bankruptcy prevention mutual aid for income tax return

Measures Taken - Effective use of gold bullion possessed in the reserve fund for the collection of coinage

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

Improprieties - Improper execution of and accounting for projects with subsidies or grants:

- a. Excessive payment of subsidies for facility development of certified center for early childhood education and care
- b. Excessive payment of subsidies for improvement of private school facilities (the emergency

- special project for promoting the reinforcement of disaster prevention functions and the project for promoting the use of ICT)
- c. Excessive payment of grants for improvement of school facilities and the environment
- d. Excessive payment of the extraordinary special grant for responding to block fences and air-conditioners
- e. Excessive payment of the grant for projects for developing cultural-property multilingual commentary projects
- f. Excessive State contribution to the cost of compulsory education

Measures Taken - Accounting processes relating to educational expenses for Japanese Government Scholarships in national universities

(5) Ministry of Health, Labour and Welfare

Improprieties - Cases of excess and deficiency in collection of labor insurance premiums

Improprieties - Deficiency in collected premiums of health insurance and employees' pension insurance

Improprieties - Excessive payment of consignment expenses for the project for supporting establishment in the agriculture and forestry industry

Improprieties - Excessive payment of consignment expenses for the nation-wide project for supporting employment of women

Improprieties - Improper payment of career enhancement subsidies under employment insurance

Improprieties - Improper payment of old-age employees' pension benefits under employees' pension insurance

Improprieties - Improper State contribution to medical expenses

Improprieties - Excessive payment of costs for medical consultation fees required for medical benefits under workers' accident compensation insurance

Improprieties - Improper execution of and accounting for projects with subsidies or grants:

- a. Excessive payment of State contribution to medical treatment benefits under national health insurance
- b. Excessive payment of fiscal adjustment grants under national health insurance
- c. Excessive State contribution to the livelihood assistance subsidy
- d. Excessive State contribution to the benefits for services and supports for people with disabilities
- e. Excessive State contribution to disability benefits for children with disabilities in living support facilities
- f. Excessive State contribution to the nursing care benefit
- g. Excessive payment of fiscal adjustment grants under nursing care insurance
- h. Excessive payment of the subsidy for projects for workers' welfare

Improprieties - Improper State contribution to nursing care benefits for elderly persons

Improprieties - Improper State contribution to training benefits included in benefits for services and supports

Improprieties - Improper State contribution to outpatient benefits for children with disabilities

Demand for Measures ③④ - Grant amounts of insurance foundation stability payment for national health insurance

Demand for Measures ③④ - Calculation of subsidies for disabled children who make regular visits to care facilities when care facilities for disabled children are over-capacity

Demand for Measures 34 36 - Development and maintenance of COVID-19 Contact-Confirming Application (COCOA), under the contract related to the development and maintenance of the “Health Center Real-time Information-sharing System on COVID-19” (HER-SYS)

Measures Taken - Calculation of consignment expenses for the projects for training unemployed people for reemployment

(6) Ministry of Agriculture, Forestry and Fisheries

Improprieties - Improper execution of and accounting for projects with subsidies or grants:

- a. Not eligible for a subsidy:
 - (a) Some people were granted the investment fund for next-generation agricultural human resources but did not start working as farmers and were not eligible for the grant.
 - (b) Part of the cost of projects that received grants through the grant project concerning measures to strengthen agriculture and the food industry was not eligible.
 - (c) Part of the cost of the projects that received subsidies for expenses of projects for promoting forestry, fishery and food exports was not eligible for the subsidies.
 - (d) Forest thinning implemented as projects for forest environment conservation and preparation was not eligible for the subsidy.
- b. Improper design of works:
 - (a) Improper design of bed protection work
 - (b) Improper design of guardrails
 - (c) Improper design of office buildings
- c. Improper use of funds created by subsidies:
 - (a) Part of the expenses for projects implemented using funds created with subsidies for the cost of strengthening dairy and livestock profitability was not eligible for the subsidy.
 - (b) Excessive payment of subsidies for projects implemented using funds created with subsidies for the cost of fisheries business stability measures (the portion for urgent measures for the introduction of equipment to enhance competitiveness)
- d. Subsidized objective not achieved:

A shared warehouse for storing rice, which was established using the grant project for strengthening agriculture/food industry, did not integrate functions of existing warehouses affected by the disaster, and distribution costs were significantly higher than before the project, resulting in a failure to achieve the purpose of the subsidy.
- e. Improper calculation of subsidized amounts:

Improper calculation of amounts of subsidies for implementation of the project for management support measures in specified regions

Demand for Measures 34 36 - Implementation of the comprehensive support grant project for building strong agriculture and farmers (support for core facilities in producing districts)

Presentation of Opinions 36 **Demand for Measures 36** - Implementation of the project for establishing an agricultural information disclosure system

Demand for Measures 36 - Estimation of expenses related to transporting logs by truck

Demand for Measures 36 - Status of farmland consolidation by the cultivation condition improvement project

Demand for Measures 36 - Calculation of unit prices of mesh-check cargo-handling expenses in consignment contracts for operations such as sales of government-owned rice

Measures Taken - Highway charges for government-owned cars

Measures Taken - Grant project for direct payment to farmers in hilly and mountainous areas

Measures Taken - Setting of a fixed unit price for projects for producing timber from forest thinning

Measures Taken - Implementation of program for urgent measures for the introduction of equipment to enhance competitiveness

(7) Ministry of Economy, Trade and Industry

Improprieties - Improper design of fire hydrant plumbing that was prepared using the grant for areas that have power generation facilities

Demand for Measures 34 36 Presentation of Opinions 36 - Implementation of the project for ensuring stable supply of petroleum products, and operation of a system for collecting information in times of disaster

Measures Taken - Method of managing funds for overseas Supply Chain (SC) contributions

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

Improprieties - Because measures were not taken to protect obligations of burden changes, the obligations were canceled by the statute of limitations.

Improprieties - As a result of incorrect calculation for design and amount for demolition of government buildings, pavement and other work, contract prices were higher than actual prices.

Improprieties - Improper execution of and accounting for projects with subsidies or grants:

- a. Improper design of works:
 - (a) Improper design of foot protection works
 - (b) Improper design of retaining walls
 - (c) Improper design of retaining walls
 - (d) Improper design of fences around airports
 - (e) Improper design of guardrails
 - (f) Improper design of electrical distribution panels installed at designated shelters
 - (g) Improper design of rock fall protection works
- b. Improper calculation of subsidized amounts:
 - (a) Improper calculation of compensation costs for relocation of telecommunication lines and gas pipes
 - (b) Excessive subsidy payment due to improper calculation of subsidized amounts
- c. Improper design and construction of works:
 - (a) Improper design and construction of receivers, controllers
 - (b) Improper design and construction of dam management equipment
- d. Improper construction of works:

Improper construction for installing power center panels
- e. Not eligible for a subsidy:

Portion of grant paid by the government for projects for landslide prevention work was not eligible for the grant.

Demand for Measures 36 - Methods for storing portable power supply equipment kept as backup power supply equipment for aviation security facilities

Measures Taken - Maintenance of pieces of mechanical equipment for river management facilities

(9) Ministry of the Environment

Improprieties - Improper execution of and accounting for projects with subsidies or grants:

- a. Not eligible for a subsidy:
 - (a) Cost incurred for development of facilities in subsidized projects for promoting establishment of a sound material-cycle society was not eligible for the grant.
 - (b) Part of the project expenses covered by the subsidy for special emergency business expenses for reducing radiation quantity was not eligible for the subsidy.
- b. Improper use of funds created by subsidies:
Improper design of facilities in projects financed by funds for supporting introduction of renewable energy

(10) Ministry of Defense

Improprieties - Operation of new TACAN and other devices could not be started, and the expected goals were not achieved.

Improprieties - Personal portable life-saving radios used by crew on T-4 exercise aircraft were not used, and the purpose of procurement was not achieved.

Improprieties - Fraud by officials

Measures Taken - Estimation of increased expenses associated with suspension of work

Measures Taken - Acceptance inspection for sonobuoys for overseas training

Measures Taken - Selection when implementing early purchases of special lease accommodations

(1. Cabinet Office (Cabinet Office), 5. Ministry of Health, Labour and Welfare)

Demand for Measures 34 - Status of the calculation of the grant to support children and childcare relating to the project for sound rearing of children after school

B Improper/Unreasonable Matters by Entity

(1) Japan Pension Service

Demand for Measures 34 36 - Procurement of portable terminals

(2) New Energy and Industrial Technology Development Organization

Measures Taken - Calculation of transfer prices related to paid transfer of R&D assets acquired through consignment projects

(3) Japan Sport Council

Improprieties - Contract processes were improper, because lease contract was concluded that did not meet specifications stated in the public notice.

Improprieties - As a result of improper calculation of the amount equivalent to consumption tax, compensation costs for relocation were excessive.

(4) Japan Railway Construction, Transport and Technology Agency

Measures Taken - Design of muddy water treatment in tunnel construction

(5) Japan Housing Finance Agency

Improprieties - Breach of restriction on lease conditions of rental housing loan

Measures Taken - Scale of the interest rate fluctuation preparation fund, whose source is

government investment

(6) Nippon Hoso Kyokai (NHK: Japan Broadcasting Corporation)

Improprieties - Fraud by officials

Measures Taken - Procurement of photocopiers

(7) Nippon Telegraph and Telephone East Corporation, (8) Nippon Telegraph and Telephone West Corporation

Measures Taken - Maintenance and management of utility poles

C Special Report to the Diet and the Cabinet, and Special Report on audit requested by the Diet, 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 loss carried forward in incorporated administrative agencies
- PFI projects implemented by the Japanese government

(2) Special Report on audit requested by the Diet

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

- Status of expressway fees, debt repayment
- Status of treatment of waste, removed soil contaminated with radioactive material as a result of the accident at the Fukushima Daiichi Nuclear Power Plant
- Status of maintenance, operation, use of government information systems
- Measures related to acceptance of foreign human resources
- Implementation of services related to the maintenance of public statistics.

(3) Report on Specific Matters

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

- Execution status of budget regarding measures for COVID-19
- Financing support for small and medium-sized enterprises in measures related to COVID-19 control
- Implementation of fabric mask distribution project
- Provision of employment adjustment subsidies to respond to unemployment due to the influence of the COVID-19 pandemic
- Project to stimulate consumption in the service industry (Go to Campaign project)
- Implementation of the sustainability subsidy project
- Implementation of a support policy package for airlines and airport-related companies under the influence of the COVID-19 pandemic, and the status regarding revenue of airport improvement account and the income of three airport companies
- Government debts
- Measures for creating proper financial documents of special accounts
- Status of the tax on dividends paid by listed companies to individual shareholders who apply for special dividends that do not have to be filed

- Status of construction delay and increased project expenses related to construction of the Hokuriku Shinkansen (between Kanazawa and Tsuruga)