

# CHAPTER II SUMMARY OF AUDIT FINDINGS

## Section 1. Outline

### 【Outline of Category】

In the Annual Audit Report, audit findings are categorized as stated below:

- (a) “Improprieties”(Matters which the Board identified in violation of, or improper against laws, regulations or appropriated budget)
- (b) “Presented opinions/Demanded measures” (Matters which the Board presented its opinions to the competent authorities concerned, or demanded measures from them under the provision of Article 34 or Article 36 of the Board of Audit Law (Note))
- (c) “Measures taken” (Matters which the auditee took remedial measures in response to the inquiries of the Board)
- (d) “Special description” (Matters which, as a result of audits, the Board deemed it necessary to specially describe in the audit report)
- (e) “Special reports on audit requested by the Diet” (Report on audit activities of the Board requested by the Diet under Article 105 of the Diet Law)
- (f) “Special reports on audit implementation” (Report on audit activities of the Board carried out for specific issues of public concern)

(Note) The Board of Audit Law (excerpt)

Article 34 In case the Board of Audit finds in the course of its audit, such matters as it deems illegal or improper concerning financial transactions, it may immediately present its opinions upon them to, or demand appropriate measures for them from, the head of the department or persons concerned, and may make them take necessary measures to rectify and improve thereof.

Article 36 In case the Board of Audit finds such matters as it deems necessary to improve with regard to laws and ordinances, systems or administration, it may present its opinions upon them to, or demand measures for them from the competent authorities or other responsible persons.

The number and amount of audit findings in each category are as shown in the following table.

(Unit: 1 million yen)

Category	Number of findings	Improper amounts <sup>(Note 1)</sup> [Background amounts]
Improprieties	296	9,752.57
Presented opinions / Demanded measures	2 under Article 34	3,583.63
	2 under Article 36	59.01 (119,306.85)
Measures taken	(Note 2) 59	80,262.45
		392.70
		50.85
		1,004.96
		4,937.30
		14,342.22
		630.19
		1,392.29
		3,990.11
		654.10
		2,241.72
		483.80
		5,455.51
1,117.74		
189.34		
77.53		
862.38		
Special descriptions	5	79,800.00
		42,300.00
		170,600.00
		128,600.00
		38,500.00
(Total for improper matters)	364	(Note 3) 93,657.24
Special reports on audit requested by the Diet	2	
Special reports on audit implementation	20	
(Grand total)	386	(Note 3) 93,657.24

(Note 1) 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; and any amount of assets stated improperly in the financial statements.

Background amounts represent overall payments and investments made in cases where an inappropriate or unreasonable situation occurred with regard to accounting due to “laws and ordinances,” “systems,” or “administration,” and in cases where problems concerning policies prevented projects from progressing and consequently the investment outcomes were not achieved. Since such payments or investments are not necessarily regarded as “improper amounts” in these cases, the “background amounts” are distinguished from the “improper amounts.” The “background amounts” are not totaled up, since the basis for determining the background amounts differs from case to case.

(Note 2) “Measures taken” includes 4 cases that involved both an improper amount and a background amount.

(Note 3) Some cases are included under both “Improprieties” and “Measures taken.” Due to the avoidance of duplication, the total amount of all cases is not the same as the amount in the total column.

### 【Outline of Audit Results by Category】

The numbers and amounts of “Improprieties”, “Presented opinions / Demanded measures” and “Measures taken” by ministries, agencies and other organizations are as shown in the following table.

(Unit: 1 million yen)

Auditee	Category		Improprieties		Presented opinions / Demanded measures (Note 1)		Measures taken		Total (Note 2)	
	Cases	Amount	Cases	Amount	Cases (Note 3)	Amount (Note 4)	Cases	Amount	Cases	Amount
National Diet (The House of Representatives)					1	18.07 (392.70)	1	18.07 (392.70)	1	18.07 (392.70)
Courts in Japan					1	18.35	1	18.35	1	18.35
Cabinet Office					1	53.40	1	53.40	1	53.40
Cabinet Office (Defense Agency)	4	8.80			(Note 4) 3	(Note 4) 94.30 (50.85)	7	103.10 (50.85)	7	103.10 (50.85)
Ministry of Internal Affairs and Communications	5	40.20			2	110.80	7	151.00	7	151.00
Ministry of Foreign Affairs	1	3.30			1	1,605.00	2	1,608.30	2	1,608.30
Ministry of Finance	3	633.42			3	262.20 (1,004.96)	6	895.62 (1,004.96)	6	895.62 (1,004.96)
Ministry of Education, Culture, Sports, Science and Technology	9	245.54	36	1 (119,306.85)	(Note 3) 3	41,012.82 (4,937.30) (14,342.22)	13	41,258.36 (119,306.85) (4,937.30) (14,342.22)	13	41,258.36 (119,306.85) (4,937.30) (14,342.22)
Ministry of Health, Labour and Welfare	181	5,722.88	34	1 3,395.94 36 1 59.01	(Note 3) 5	3,643.38 (630.19) (1,392.29)	188	12,820.79 (630.19) (Note 3) (1,392.29)	188	12,820.79 (630.19) (Note 3) (1,392.29)
Ministry of Agriculture, Forestry and Fisheries	8	166.83	34	1 187.69	6	3,274.60 (3,990.11)	15	3,629.12 (3,990.11)	15	3,629.12 (3,990.11)
Ministry of Economy, Trade and Industry	18	162.70			2	491.37	20	654.07	20	654.07
Ministry of Land, Infrastructure and Transport	17	176.57			10	10,981.67 (654.10) (2,241.72) (483.80) (5,455.51)	27	11,158.24 (654.10) (2,241.72) (483.80) (5,455.51)	27	11,158.24 (654.10) (2,241.72) (483.80) (5,455.51)
National Life Finance Corporation					1	47.00	1	47.00	1	47.00
Japan Highway Public Corporation					2	53.40 (1,117.74)	2	53.40 (1,117.74)	2	53.40 (1,117.74)
Hanshin Expressway Public Corporation					1	28.20	1	28.20	1	28.20
Japan Atomic Energy Research Institute					1	41.00	1	41.00	1	41.00
Japan Post	38	1,608.24			1	406.30	39	2,014.54	39	2,014.54
National Agriculture and Bio-oriented Research Organization					1	(189.34)	1	(189.34)	1	(189.34)
National Institute of Agrobiological Sciences	1	5.34			1	(77.53)	2	5.34 (77.53)	2	5.34 (77.53)
Labor Management Organization for USFJ Employees, Incorporated					(Note 4) 1	(Note 4) 64.80	1	64.80	1	64.80

Auditee	Category		Improproprieties		Presented opinions / demanded measures (Note 1)		Measures taken		Total (Note 2)	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount		
New Energy and Industrial Technology Development Organization	1	3.57					1	3.57		
Japan Society for the Promotion of Science	1	4.99					1	4.99		
National Agency for the advancement of Sports and Health						1	15,405.47	1	15,405.47	
Employment and Human Resource Development Organization of Japan						1	(862.38)	1	(862.38)	
National Hospital Organization	1	1.94						1	1.94	
Organization for Small and Medium Enterprises and Regional Innovation	1	6.48						1	6.48	
Urban Renaissance Agency	1	25.10						1	25.10	
National University Corporation Akita University						1	50.46	1	50.46	
National University Corporation University of Tsukuba						1	449.23	1	449.23	
National University Corporation Chiba University						1	723.59	1	723.59	
National University Corporation University of Fukui						1	50.20	1	50.20	
National University Corporation University of Yamanashi						1	320.66	1	320.66	
National University Corporation Hiroshima University	1	689.91				1	508.73	2	1,198.64	
National University Corporation Saga University	1	81.81				1	263.85	2	345.66	
Japan Broadcasting Corporation	4	164.89						4	164.89	
NTT East (Nippon Telegraph and Telephone East Corporation)						2	176.10	2	176.10	
NTT West (Nippon Telegraph and Telephone West Corporation)						2	172.30	2	172.30	
Total	296	9,752.57	4	3,642.64	(Note 4) 59	(Note 4) 80,262.45	359	(Note 5) 93,657.24		

(Note 1) Concerning the item “Presented opinions/Demanded measures,” the cases identified with 34 refer to audit findings coming under Article 34 of the Board of Audit Law, and the cases identified with 36 refer to those coming under Article 36.

(Note 2) The amounts in parenthesis are background amounts, which are not totaled up since the basis for determining the background amounts differs from case to case.

(Note 3) “Measures taken” includes four cases that involved both an improper amount and a background amount.

(Note 4) One case is related to both the Cabinet Office (Defense Agency) and the Labor Management Organization for USFJ Employees. Duplication was avoided when calculating the total number of cases and the total amount.

(Note 5) One case is included under “Improproprieties” and “Measures taken” (contributions for the protection of children). Due to the avoidance of duplication, the sum of each amount is not the same as the amount in the total column.

In addition, there are five “Special Description” cases (background amounts: 79,800 million yen, 42,300 million yen, 170,600 million yen, 128,600 million yen, and 38,500 million yen).

## Section 2. Improprieties (296 cases)

### 1. Improprieties related to revenues (5 cases; 3,569.58 million yen)

Ministry or Agency	Tax	Insurance premium	Illegal acts	Total
Ministry of Finance	cases 1	cases	cases	cases 1
Ministry of Health, Labor and Welfare		2	1	3
National Hospital Organization			1	1
Total	1	2	2	5

#### (1) Tax (1 case; 627.76 million yen)

Improper collection of taxes

Ministry of Finance

- There was an excess or deficiency in taxes collected from 199 taxpayers. Although they had entered wrong amounts for income and tax in the return forms, the tax authorities could not identify the errors or mistakes because their collection or utilization of taxation materials was not appropriate or they simply overlooked the mistakes.  
(1 case; 627.76 million yen)

#### (2) Insurance premiums (2 cases; 2,936.19 million yen)

Improper collection of insurance premiums

Ministry of Health, Labor and Welfare

- There was a deficiency in health and/or welfare pension insurance premiums collected from 1,141 proprietors that hired many temporary employees, including part-time employees. Although they had to submit applications for the qualification of insurance on behalf of those part-time employees who were working continuously, they failed to do so. The investigations, confirmation and guidance by the insurance authorities were not adequate.  
(1 case; 2,640.99 million yen)
- There was an excess or deficiency in labor insurance premiums collected from 486 proprietors. Although they had entered wrong amounts for wages in their reports, the investigation and confirmation of the authorities were not adequate.  
(1 case; 295.19 million yen)

#### (3) Illegal acts (2 cases; 5.62 million yen)

Embezzlement

Ministry of Health, Labor and Welfare

- When an employee of a public employment security office recovered employment continuation benefits overpaid to proprietors, the employee embezzled them without handing them over to the cashier.  
(1 case; 3.67 million yen)

National Hospital Organization

- An employee of a hospital embezzled some of the hospitalization fees that the receiver had asked the employee to deposit in the hospital's bank account. (1 case; 1.94 million yen)

## 2. Improprieties related to expenditures (250 cases; 4,588.11 million yen)

Ministry or Agency	Mis-appropriation	Illegal acts & Mis-appropriation	Const-ruktion	Goods	Services	Insur-ance benefits	Medical expenses	Sub-sidies	Loans	Illegal acts	Others	Total
	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases
Cabinet Office (Defense Agency)										1		1
Ministry of Internal Affairs and Communications								5				5
Ministry of Foreign Affairs										1		1
Ministry of Finance	2											2
Ministry of Education, Culture, Sports, Science and Technology								8				8
Ministry of Health, Labor and Welfare	8	6			1	3	2	157			1	178
Ministry of Agriculture, Forestry and Fisheries					1			7				8
Ministry of Economy, Trade and Industry					1			17				18
Ministry of Land, Infrastructure and Transport					1			16				17
Japan Post				1								1
National Institution of Agrobiological Sciences			1									1
New Energy and Industrial Technology Development Organization								1				1
Japan Society for the Promotion of Science								1				1
Organization for Small and Medium Enterprises and Regional Innovation									1			1
Urban Renaissance Agency			1									1
National University Corporation Hiroshima University	1											1
National University Corporation Saga University	1											1
Japan Broadcasting Corporation										4		4
Total	12	6	2	1	4	3	2	212	1	6	1	250

**(1) Misappropriation (12 cases; 1,390.51 million yen)**

Improper accounting

Ministry of Finance

- Although officials bought discounted air tickets for business travel, when they requested payment of the travel expenses with receipts for higher airfares. As a result, the travel expenses were overpaid.  
(2 cases; 5.65 million yen)

Ministry of Health, Labor and Welfare

- Although officials paid for discounted package services that included air transportation and accommodation for business trips, they reported higher expenses of round-trip airfare. As a result, travel expenses were overpaid.  
(7 cases; 15.6 million yen)
- A labor bureau's accounting transactions violated the accounting laws. For example, employees improperly used procurement expenses, rewards, and travel expenses for purposes other than the proper purpose by forging documents.  
(1 case; 597.53 million yen)

Hiroshima University and Saga University

- Regarding the procurement of medicines and medical examination materials, the universities, without performing the accounting procedures that should have been performed in the current fiscal year, had suppliers submit bills with no dates and entered different dates of the following fiscal year, with the result that the amounts were paid from the budget for the following fiscal year. This violated the accounting laws and the budget.  
(2 cases; 771.72 million yen)

**(2) Illegal acts and misappropriation (6 cases; 78.07 million yen)**

Improper accounting and embezzlement

Ministry of Health, Labor and Welfare

- The accounting transactions of labor bureaus violated the accounting laws. For example, employees improperly used procurement expenses, rewards and travel expenses for purposes other than the proper business purpose by forging documents, embezzled government money, or lost goods.  
(6 cases; 78.07 million yen)

**(3) Construction (2 cases; 30.44 million yen)**

Overestimation

Urban Renaissance Agency

- Regarding the construction of a general sports park, when the agency estimated the cost of installing corrugated hard resin pipes for the protection of communication cables, although the agency should have used the type of work and the rate specified in the guidelines for estimating the cost of installing electrical equipment, the agency wrongly used the type of work and the rate that were specified in the guidelines for estimating the cost of landscaping and were applicable to the estimate of the cost of installing hard vinyl chloride pipes for water supply. As a result, the contract price became higher.  
(1 case; 25.1 million yen)

Improper supervision and inspection

National Institute of Agrobiological Sciences

- Regarding the repair of underground hot water pipes, when a culvert was installed, the construction of shoring, which was necessary for safety, was not carried out.  
(1 case; 5.34 million yen)

**(4) Goods (1 case; 33.73 million yen)**

Excessive purchases

Japan Post

- Although Japan Post's sales of packages for its parcel post service were scheduled to end, and its stock of them was sufficient until the end of the sales period, Japan Post made further purchases without taking the stock into consideration.  
(1 case; 33.73 million yen)

**(5) Services (4 cases; 48.62 million yen)**

Overestimation of outsourcing expenses

Ministry of Land, Infrastructure and Transport

- When the Ministry concluded a contract to outsource the maintenance of the information processing system for sea transportation, the contract price became higher because the price included the cost of maintaining equipment not covered by the outsourcing.  
(1 case; 3.59 million yen)

Overpayment of commissions

Ministry of Health, Labor and Welfare

- Regarding the payment of the cost of commissioning research, the commissioned company's person in charge of the research had the supplier make false delivery statements and bills, and the company overpaid the supplier. As a result, the Ministry overpaid the company.  
(1 case; 5.85 million yen)

Ministry of Agriculture, Forestry and Fisheries

- The Ministry overpaid the cost of commissioning the development of the technology for hatching and raising eels because the cost included expenses for fictitious business trips or business trips not related to the outsourced operation.  
(1 case; 5.18 million yen)

Ministry of Economy, Trade and Industry

- The ministry overpaid the cost of commissioning a research because the number of days when the researchers were engaged in the research, which was the basis for the calculation of the personnel expense, included days when they were engaged in other work.  
(1 case; 33.98 million yen)

**(6) Insurance benefits (3 cases; 438.88 million yen)**

Improper payment of insurance benefits

Ministry of Health, Labor and Welfare

- Old-age pensions were improperly paid to 635 persons, although the whole or part of the pension was not due to be paid to pensioners who were employed on a regular basis. The employers did not report the fact of employment to the authorities concerned, and the

investigations, confirmation and guidance of the authorities concerned were not adequate.  
(1 case; 294.96 million yen)

- Unemployment benefits were improperly paid to 510 persons. Recipients concealed their reemployment or entered an improper date for their reemployment in applications for unemployment benefits, and the investigation and checks of the employment offices concerned were not adequate.  
(1 case; 121.75 million yen)
- Subsidies for employment promotion for specified job applicants were improperly paid to 40 entities. The employer improperly applied for the subsidies, counting some employees who were already employed as new employees, which differed with the facts. The investigation and checks by the employment offices concerned were not adequate.  
(1 case; 22.17 million yen)

**(7) Medical expenses (2 cases; 965.69 million yen)**

Improper payment of medical expenses

Ministry of Health, Labor and Welfare

- Medical expenses for the elderly were improperly paid to 235 medical institutions and 45 pharmacies. Although they improperly claimed for basic hospital fees, additional basic hospital fees, initial visit fees, visit fees and pharmacy fees, the investigations and checks of the insurers concerned and their agents were not adequate.  
(1 case; 927.79 million yen)
- Payments of the medical insurance for workers' accident compensation insurance were improperly made to 267 medical institutions. Although they improperly claimed for fees for operations and hospitalization, the investigations and checks of the insurers concerned and their agents were not adequate.  
(1 case; 37.89 million yen)

**(8) Subsidies (212 cases; 1,393.1 million yen)**

Improper execution of projects and improper accounting transactions

Ministry of Internal Affairs and Communications

- In submitting requests for State subsidies, the entities undertaking projects for the improvement of disparities in telecommunications access included the cost of constructing facilities where terminals and other communications equipment were not installed and the cost of purchasing the equipment already installed on lease, which resulted in excessive subsidies to these entities.  
(5 cases; 40.2 million yen)

Ministry of Education, Culture, Sports, Science and Technology

- Although some prefectures had no subsidy system for private schools, or some private schools took no measures for subsidies, these private schools were covered by subsidies for operating expenses. As a result, subsidies were overpaid to prefectures operating those private high schools.  
(4 cases; 172.65 million yen)
- Subsidies for science research expenses were overpaid to universities because the universities overpaid the cost of research materials based on false delivery statements and bills that researchers had compelled the suppliers to prepare.  
(4 cases; 57.89 million yen)

Ministry of Health, Labor and Welfare

- Subsidies for health and labor science research expenses were overpaid to universities because universities overpaid the cost of research materials based on false delivery statements and bills that researchers had compelled the suppliers to prepare.  
(3 cases; 26.18 million yen)
- Subsidies for the management of medical facilities were overpaid because the cost of medicine was miscalculated and excessively included in total project expenses, and because accommodation fees collected from the nurses were not included in the revenues.  
(3 cases; 17.56 million yen)
- Obligations for health projects were overpaid because the number of persons who received a medical examinations under the projects included the number of persons under the age of 40, who were not covered by the projects, and because the standard unit price for an individual examination by the medical institution was applied, although the standard unit price for group examinations should have been applied.  
(3 cases; 16.4 million yen)
- Regarding the subsidies that medical institutions had received for the improvement of medical facilities, some of them did not return the amount of the tax credit for the consumption tax on subsidized purchases, although they should have done.  
(4 cases; 8.13 million yen)
- Emergency job creation subsidies for new employment and job creation in growth areas were improperly paid to 4 employers. They submitted requests for the State subsidies for new employment by perfunctorily introducing to a public employment security office, although they had already employed those in the requests. The investigations and checks by entities concerned were not adequate, which resulted in the excessive subsidies to the employers.  
(1 case; 3.5 million yen)
- The project for supporting earlier reemployment was improperly paid to 57 employees. Although they entered false dates of employment in the applications, the investigations and checks by entities concerned were not adequate, which resulted in the excessive subsidies to the employees.  
(1 case; 22.94 million yen)
- Some of the work covered by a special fund for emergency local job creation did not meet the requirements for receiving the funds. For example, although the fund did not cover construction or civil engineering work, some work included work of these categories.  
(3 cases; 13.39 million yen)
- Subsidies for home welfare businesses were overpaid. Although personnel expenses, such as the wages of those engaged in subsidized businesses were paid from the government's general revenue, they were included in the subsidized expenses.  
(16 cases; 51.4 million yen)
- Subsidies for the improvement of social welfare facilities were overpaid because they were paid for the installation of electrical equipment in local community centers not covered by the subsidies for the construction of special nursing home for the aged.  
(8 cases; 36.67 million yen)
- In submitting requests for the State subsidies, many municipalities failed to comply with the requirements of the relevant regulations concerning the obligations for child-care. These municipalities miscalculated fees collected from the parents of children who are

accommodated in nursery schools, and they applied wrong standard rates for fee collection set by the national government, resulting in the excessive subsidies to these municipalities.  
(4 cases; 44.73 million yen)

- In submitting requests for the State subsidies, many municipalities failed to comply with the requirements of the relevant regulations concerning social assistance. The assessment of the beneficiaries' income from work was lower than the actuality, which resulted in the provision of excessive subsidies to these municipalities.  
(13 cases; 78.11 million yen)
- A subsidy was overpaid to a mental health institution because the institution failed to include the patients' accommodation fees in its revenues.  
(1 case; 3.55 million yen)
- A subsidy was overpaid to a nursing care service provider because the provider included the system maintenance expenses in the future years that were not to be covered by the subsidy.  
(1 case; 2.2 million yen)
- A subsidy for nursing care administration was overpaid because the subsidized expenses included contribution for extended associations for nursing care insurance for recognition as being in need of nursing care. However, it included personnel expenses for regular employees dispatched by a municipality, which were not covered by the subsidy.  
(1 case; 2.45 million yen)
- Subsidies for ordinary adjustment of nursing care insurance were overpaid because the amount to be borne by the users was wrongly included in the amount of nursing care benefits when the benefits were calculated.  
(2 cases; 13.34 million yen)
- Subsidies for the provision of medical benefits under the national health insurance scheme were overpaid to national health insurance societies because the societies reported higher medical expenses than the actual expenses.  
(2 cases; 9.73 million yen)
- Subsidies for the provision of medical benefits under the national health insurance scheme were overpaid to municipalities because the municipalities failed to deduct the amount of medical benefits to retired employees insured retroactively from the amount of medical benefits to the ordinary insured.  
(16 cases; 104.9 million yen)
- Subsidies for financial adjustment under the national health insurance scheme were overpaid to municipalities because the municipalities overestimated the expenditures covered by the adjustment or underestimated the revenues covered by the adjustment.  
(38 cases; 195.21 million yen)

#### Ministry of Agriculture, Forestry and Fisheries

- Regarding a comprehensive anti-flood afforestation project, an existing sidewalk was used as a temporary path for construction and was restored to its original state. Restoration of parts of the sidewalk that were not used for the temporary path and work beyond the scope of the restoration were unnecessarily subsidized.  
(1 case; 7.75 million yen)
- Regarding a comprehensive project for promoting cooperation between cultivation and stockbreeding and the recycling of resources, the design and construction were improper. For example, measures to prevent cracking were not devised when the concrete floor for the

compost house was designed; and measures to maintain the humidity were not devised when the compost house was constructed. As a result, many cracks appeared on the concrete floor, and foul water from the excrement of the farm animals soaked into the underground soil. Thus, the purpose of the subsidy was not attained.  
(1 case; 15.76 million yen)

- Regarding a project for constructing a wholesale market facility, the amount of the tax credit for the consumption tax on subsidized purchases was not returned to the State, although it should have been.  
(1 case; 31.42 million yen)
- Regarding a project for promoting the introduction of a traceability system, because the planning agency used the subsidy for another purpose and did not pay the price for the introduced equipment, the system never operated, and the equipment was removed. Thus, the purpose of the subsidy was not attained.  
(1 case; 25.37 million yen)
- Regarding the construction of agricultural roads for a wide-area agricultural complex, because the design of a bridge was improper, the required level for safety of the bridge piers was not secured. Although the inertia of the lower structure should have been calculated separately from the inertia of the upper structure and the piers, the inertia of the whole bridge was calculated as a unit.  
(1 case; 66.75 million yen)
- Regarding a subsidized project for improving and integrating rural areas, because the design of a retaining wall was improper, the required level for safety of the retaining wall was not secured. When the retaining wall was designed, although the tip of the bottom board was removed, and a straight wall was set up at the end of the top of the wall, the level of safety for the bottom board and the top was not calculated.  
(1 case; 4.13 million yen)
- Regarding a project for restoring an agricultural facility damaged by a disaster, the purpose of the restoration was not attained due to the improper design. Although river bed protection should have been set up to prevent the river bed from being dug up, this was not considered when the headworks were designed. If the river bed is dug up to a substantial extent, the headworks may topple or otherwise become dysfunctional.  
(1 case; 10.44 million yen)

Ministry of Economy, Trade and Industry

- Regarding a project for constructing a facility to support a new business, the amount of the tax credit for the consumption tax on subsidized purchases was not returned to the State, although it should have been.  
(1 case; 8.95 million yen)
- Subsidies to support the reform of the management of small and medium-sized companies were overpaid mainly because some companies included unpaid commissions in the subsidized expenses or sold subsidized equipment without permission.  
(11 cases; 60.37 million yen)
- Regarding a project for the construction of facilities to revitalize a shopping district, although the whole amount of the tax credit for the consumption tax on subsidized purchases should have been returned to the State, the amount was miscalculated, and only a part of the amount was returned.  
(1 case; 3.83 million yen)

- Regarding a project for the construction of facilities to prevent nuclear power disasters, because the design and installation of an uninterruptible power system that supplies electricity to various systems of a center for dealing temporarily with an emergency were improper, it could not be assured that the system would continue to function in the event of an earthquake. For example, when the force to pull out the anchor bolts was estimated, the weight of the pedestal was not taken into account. In addition, the anchor bolts were not properly inserted in the concrete floor.  
(1 case; 48.15 million yen)
- Regarding a project for setting up of a power source, because no earthquake-resistant devices indicated in specifications were provided when the uninterruptible power system that supplies electricity to a fire emergency communications and command center was installed, the installation was different from the design, and it could not be assured that the system would continue to function in the event of an earthquake.  
(1 case; 1.94 million yen)
- Regarding a project for developing the technology for streamlining the use of energy, the amount of the tax credit for the consumption tax on subsidized purchases was not returned to the State, although it should have been.  
(2 cases; 5.45 million yen)

Ministry of Land, Infrastructure and Transport

- Regarding an erosion control project, when the protection work of the base of a multistage embankment with iron-wire baskets was designed and installed, the separation of the iron-wire baskets from the multistage embankment was not specified in the design documents, and the contractor connected both using coils. Therefore, the design and construction were improper, which resulted in that there was a possibility that the stability of the embankment could be damaged, and that the purpose of the work was not attained.  
(1 case; 5.2 million yen)
- Regarding a project for the construction of a public drainage system, when the pedestal of a water pipe bridge was designed, the interval between the main reinforcing rods became twice the distance of the interval required for safety. Therefore the design was improper, and the required level of safety of the pedestal was not secured.  
(1 case; 26.4 million yen)
- Subsidies for public housing rents were overpaid because the rents for neighboring houses, which formed the basis for the calculation of the basic subsidy, were overestimated or because the tenant's basic share, the amount of which was to be deducted from the basic subsidy, was underestimated.  
(4 cases; 43.31 million yen)
- Regarding a project for the construction of an urban square, because the type and basic form of the drainpipe were selected wrongly and the design was improper, the required level of safety of the drainpipes was not secured.  
(1 case; 1.62 million yen)
- Regarding a project for improving the environment of a harbor, when antirust and anticorrosion processings of fall prevention fences are designed and implemented, because the thickness of the coating was not specified in the design documents, and the contractor failed to coat the fences sufficiently, the fences became rusty, and the coating peeled off. Therefore, the purpose of preventing the fences from becoming rusty or corroded was not attained.  
(1 case; 15.8 million yen)

- Regarding a project for constructing a road, although the assessed value of the used lot was less than that of a neighboring lot, the lots were not properly compared, and the value of the neighboring lot was applied to the calculation of the cost of purchasing the used lot. As a result, the cost was overestimated.  
(1 case; 1.91 million yen)
- Subsidies for public housing rents were overpaid because the number of residents whose income exceeded the standard level was underestimated due to the application of the wrong standard level.  
(2 cases; 19.14 million yen)
- Regarding a project for reconstructing a road, compensation for moving water supply facilities was overpaid because the compensation included the consumption tax. When a tax credit was applicable to the consumption tax on purchases, the consumption tax should not be included in the compensation.  
(1 case; 4.84 million yen)
- Regarding a project for the construction of a street, when bearing part of a bridge was designed, the required level for safety of bridge abutment was not secured because the design was improper: Although the supporting part of the bridge was changed from being fixed to being movable, the upper part of the bridge was not redesigned.  
(1 case; 44.58 million yen)
- Regarding a project for improving basin drainage, the required safety of the culvert was not secured because the design and installation of the culvert were improper. For example, some of the main reinforcing rods were not written in the plan, and the interval between the reinforcing rods became wider than the plan.  
(1 case; 4.69 million yen)
- Regarding an emergency project for constructing a local road, although the standard construction unit price should have been applied because the total length of the framework exceeded a fixed length, the unit price for a small-scale construction was mistakenly applied. As a result, the cost of constructing the framework was overestimated.  
(1 case; 4.32 million yen)
- Regarding a project for reconstructing a road, the cost of purchasing a lot was overestimated because the lot was mistakenly assumed to be a residential lot, although it was actually a private road for common use.  
(1 case; 1.11 million yen)

New Energy and Industrial Technology Development Organization

- Regarding a project for the introduction of new energy sources to a region, the amount of the tax credit for the consumption tax on subsidized purchases was not returned to the State, although it should have been.  
(1 case; 3.57 million yen)

Japan Society for the Promotion of Science

- A subsidy for scientific research was overpaid to a university because the university overpaid the cost of research materials based on false delivery statements and bills that the researcher had compelled the supplier to prepare.  
(1 case; 4.99 million yen)

**(9) Loans(1 case; 6.48 million yen)**

Improper accounting of loans

Organization for Small and Medium Enterprises and Regional Innovation

- Although a company was granted a loan to lay an asphalt pavement, the company transferred the pavement without permission, which was not in accordance with the purpose of the loan.  
(1 case; 6.48 million yen)

**(10)Illegal acts (6 cases; 171.63 million yen)**

Embezzlement

Cabinet Office (Defense Agency)

- When an employee of the Japan Air Self-Defense Force was engaged in the procurement of in-flight meals that were used as teaching materials, the employee had the supplier pad the bills and embezzled the padded amount.  
(1 case; 3.44 million yen)

Ministry of Foreign Affairs

- When an embassy rented a building for use as housing for its employees, the official in charge padded the rent and embezzled the padded amount.  
(1 case; 3.3 million yen)

Japan Broadcasting Corporation

- Employees embezzled part of the cost of producing programs, for example, by having the corporation transfer the money into the conspirator's bank account.  
(4 cases; 164.89 million yen)

**(11)Others (1 case; 30.9 million yen)**

Improper payment of nursing insurance benefits

Ministry of Health, Labor and Welfare

- Payment of nursing insurance benefits for the elderly under the applicable insurance schemes was improperly made to 15 service providers. Even though they improperly claimed for the benefits by failing to make the necessary adjustments for cases where they collected special charges for private rooms or double rooms, the investigations and checks of the municipalities concerned were not adequate.  
(1 case; 30.9 million yen)

**3. Improprieties unrelated to revenues or expenditures (41 cases; 1,594.86 million yen)**

Ministry or agency	Illegal acts
Cabinet Office (Defense Agency)	(Cases) 3
Ministry of Education, Culture, Sports, Science and Technology	1
Japan Post	37
Total	41

**Illegal acts (41 cases; 1,594.86 million yen)**

#### Embezzlement

##### Cabinet Office (Defense Agency)

- A Japan Ground Self-Defense Force employee engaged in the accounting and safekeeping of toll road coupon tickets embezzled some of them. In another case, a Japan Maritime Self-Defense Force employee engaged in the supply of goods embezzled personal computers purchased for minesweepers.  
(3 cases; 5.35 million yen)

##### Ministry of Education, Culture, Sports, Science and Technology

- An employee of a national university who was engaged in accounting embezzled money by illegally canceling a time deposit in the name of the cashier.  
(1 case; 15 million yen)

##### Japan Post

- Employees of post offices embezzled money such as the following: postal fees that they received from senders; funds kept by the post offices; and money that they withdrew from the accounts of customers such as postal savings certificate using entrusted deposit certificates.  
(37 cases; 1,574.51 million yen)

### **Section 3. Presented opinions / Demanded measures (4 cases)**

#### **1. Cases concerning which the Board demanded rectification and improvement measures under the provisions of Article 34 of the Board of Audit Law (2 cases)**

##### Ministry of Health, Labor and Welfare

- **Interest on the charges for using software under a data communications services contract**

When the Social Insurance Agency calculated the monthly charges for using software under a contract for data communications services for the social insurance online system, the agency adopted the add-on method, whereby both the principal and the interest are fixed, and used the average long-term prime rate as the rate for calculating the interest. When adopting the add-on method, it is necessary to change the interest rate using a certain formula, since the interest based on the unchanged rate becomes higher than other methods such as the principal and interest equal repayment. However, when the agency calculated the interest, the agency used the average long-term prime rate without changing it. Therefore, the agency should properly calculate the interest for the charge for using the software.  
(Improper amount: 3,395.94 million yen)

##### Ministry of Agriculture, Forestry and Fisheries

- **Establishment of a state property register for state forests and fields in Okinawa**

The Forestry Agency's Forest Administration Bureaus keep state property registers to properly manage and dispose of state forests and fields. However, there has been no proper state property register for the state forests and fields in Okinawa since the return of Okinawa to Japan. This has resulted in the following: the Government cannot make accurate annual reports on changes in state property and its current value; the Government cannot use ordinary property effectively; the Government cannot properly grant subsidies to the municipalities where state property exists; and persons other than the Government have sold

forests and fields to third parties. Therefore, to keep the state property register based on accurate information on the rights holders and the areas, the Forestry Agency should take the following measures for establishing Okinawa's state property register: fully coordinate with the agencies concerned, taking the special nature of Okinawa into consideration; develop a policy for establishing a state property register that concretely specifies the items to be investigated in surveys on the actual conditions regarding ordinary property; and the promotion of such surveys according to the policy.  
(Improper amount: 187.69 million yen)

**2. Cases concerning which the Board presented opinions on improvements or required improvement measures under the provisions of Article 36 (2 cases)**

Ministry of Education, Culture, Sports, Science and Technology

- **Accounting transactions of national university corporations concerning leased goods and credits for medical treatment fees**

The Board of Audit conducted audits on the national university corporations with the viewpoints of whether their assets, debts, capital and other obligations taken over from the State were properly included in their financial statements and whether their accounting transactions were appropriate in the first year after they were incorporated. The Board found that asset capitalization varies among the national university corporations as to whether computers procured for education or research under lease contracts of the same kind were included in the assets, whether educational and research software for the same purpose of use was included in the assets, and whether credits for medical treatment fees were included in the assets and revenues. Because of this, it is impossible to compare their accounting information adequately, which is required by the accounting standards for national university corporations. Therefore, the Ministry of Education, Culture, Sports, Science and Technology should further promote proper and sound accounting transactions by national university corporations by establishing guidelines and by positively providing information necessary for proper and unified accounting transactions.

(Background amount: 119,306.85 million yen (total value of the assets and others concerning which the accounting transactions for financial statements were not carried out in a unified way))

Ministry of Health, Labor and Welfare

- **Optimization of the procedures that the members of national health insurance societies carry out to acquire an insured person's qualification**

If the employees of an establishment to which the government-administered health insurance is applicable hope to become insured persons of a national health insurance society, the establishment must receive the social insurance office's approval of its exclusion from the government-administered health insurance. In addition, if the establishment receives this approval, the subsidy for the employees' medical benefits must be calculated at a subsidy rate lower than the rate for general insured persons. However, 36 national health insurance societies include insured persons who belong to establishments that have not received this approval, and subsidies for the insured persons' medical benefits are calculated at the subsidy rate for general insured persons. Therefore, the Ministry of Health, Labor and Welfare should disseminate this system, instruct the national health insurance societies to examine fully whether each establishment needs to receive approval for exclusion, and advise the members of the establishments that have still not received approval to carry out the required procedures.

(Improper amount: 59.01 million yen)

## Section 4. Measures taken (59 cases)

### Diet (House of Representatives)

- **Contract for telephone-related work**

A contract for telephone-related work was improperly concluded. Because the Accounting Division in charge of the contract did not fully examine the contract, and the procedures for calculating the ceiling price were not established, single tendering was adopted although competitive tendering should have been adopted, and the contract price became higher due to miscalculation of the ceiling price.

(Improper amount: 18.07 million yen)

(Background amount: 392.7 million yen (price of the contract that should have been put to competitive tendering))

### Courts

- **Payment of salaries concerning the external training of doctors who regularly work for a family court**

Doctors who regularly work for a family court received training at medical institutions during their working hours. Because the family court had not set up the necessary standards, it did not either fully grasp the actual conditions or properly manage the hours of work of the doctors. Consequently, the family court failed to reduce the salaries of the doctors who received wages from the medical institutions or permission for a side-job.

(Improper amount: 18.35 million yen)

### Cabinet Office

- **Estimation of the cost of constructing and removing temporary scaffolding on water**

When the Cabinet Office estimated the cost of constructing and removing large-scale temporary scaffolding on the water, it applied the unit price for small-scale temporary scaffolding without examining the actual conditions. Consequently, the daily quantity of construction and the type of job done by the workers in the estimation were not matching to the actual construction, and the cost of constructing and removing the scaffolding was overestimated.

(Improper amount: 53.4 million yen)

### Cabinet Office (Defense Agency)

- **Check of the state of recovery concerning compensation for accidents involving public servants**

Although there were many medical reports that injured or sick public servants had already recovered, the Defense Agency did not fully check the reports. As a result, the Agency inappropriately paid them accident compensation for a long time without checking their state of recovery.

(Background amount: 50.85 million yen (compensation to injured or sick public servants whose state of recovery should have been checked))

- **Procurement of a spare gas turbine power section for the main generator of a convoy**

The Defense Agency procured a spare gas turbine power section for the main generator of a convoy. Although the Agency could directly procure it from the manufacturer, the Agency procured it from the shipbuilder by including the procurement in the contract for the

construction of the convoy. As a result, the procurement was less economic and its cost became higher.

(Improper amount: 29.5 million yen)

Cabinet Office (Defense Agency) and Labor Management Organization for USFJ Employees

- **Outsourcing of the regular physical examination for USFJ employees**

The cost of outsourcing the regular physical examination for USFJ employees became uneconomical because, when the contract price was set, the system of calculating remuneration for medical care by medical institutions under the Health Insurance Law was mistakenly applied to the regular physical examination, which was not recognized as medical care.

(Improper amount: 64.8 million yen)

Ministry of Internal Affairs and Communications

- **Estimation of subsidized expenses for the installation of optical cables**

Regarding a project for constructing new-generation local cable television facilities, the subsidized expenses for the installation of optical cables were overestimated because the method for estimating the subsidized expenses when an additional installation is carried out was not established and because there was no provision that the details of additional installations should be written in the application for issuing the subsidy or the report of the results.

(Improper amount: 44.2 million yen)

- **Operations of dealing with a change in the analog frequency**

Regarding operations of dealing with a change in the analog frequency, expenses for investigating the state of reception and carrying out measures for ensuring reception, such as changes in the preset channels of televisions and videocassette recorders, were overpaid because the quantity of work per unit used for the calculation of the unit labor price was not sufficiently reviewed or adapted.

(Improper amount: 66.6 million yen)

Ministry of Foreign Affairs

- **Aid for the construction of buildings for Japanese schools**

The Ministry of Foreign Affairs improperly calculated and granted financial aid for the construction or purchase of the buildings for Japanese schools. Because the procedures for calculating the basic amount of financial aid were not clear, the basic amount differed among the schools. Moreover, because the Ministry did not grasp the difference between the amount of financial aid and the amount of repayment to financial institutions, the total amount of financial aid exceeded the total amount of repayments.

(Improper amount: 1,605 million yen)

Ministry of Finance

- **Provision of grants to the municipalities that include national properties**

The Ministry of Finance improperly provided grants to municipalities that include national properties. For example, the Ministry did not discontinue the provision of grants for lodgings that all the residents had left and for free lodgings, which were not covered by the grants. In addition, the Ministry did not properly reduce the grants for residential sites that

the Government received as tax in kind and was managing.  
(Improper amount: 253.24 million yen)

- **Guidance on the payment of withholding income tax**

Regarding guidance on the payment of withholding income tax, the tax authorities did not provide efficient guidance to the withholding agents, with the result that it took a lot of time for the tax authorities to grasp the amount of withholding income tax that remained unpaid for a long time. In addition, the tax authorities did not fully use data on salaries and withholding income tax for the guidance or fully reexamine the approval for exceptions to the deadline.

(Background amount: 1,004.96 million yen (estimated amount of taxes still not paid by 685 withholding agents))

- **Rewards for guidance at meetings for the explanation of final tax returns**

Rewards to tax accountants engaged in guidance at meetings for the explanation of final tax returns were not appropriate for the actual service provided since the tax authorities did not fully examine the conditions for applying the unit price or make adequate comparison with rewards for other services provided by tax accountants.

(Improper amount: 8.96 million yen)

Ministry of Education, Culture, Sports, Science and Technology

- **Execution of a project for the construction of facilities at private schools**

A project for the construction of facilities at private high or vocational schools was not executed properly. For example, because some schools did not have adequate knowledge, they disposed of subsidized facilities or equipment without receiving approval from the Ministry. In addition, the procedure for deciding to grant state subsidies was not carried out properly. For example, because the Ministry lacked the recognition that it should execute the project properly, the Ministry granted subsidies to schools that had independently completed the facilities before receiving an offer letter from the Ministry, provided they had begun to construct them within the fiscal year.

(Improper amount: 560.71 million yen)

(Background amount: 4,937.3 million yen (state subsidies for which the procedures for deciding to grant them were not carried out properly))

- **Treatment of and subsidies for the preservation of buried cultural assets**

A subsidized project for excavating and researching buried cultural assets was not carried out properly. Because the entity carrying out the project did not have sufficient knowledge, it could not properly treat the buried cultural assets for preservation (for example, it could not classify the excavated items). As a result, there arose the possibility that the buried cultural assets might not be fully utilized. In addition, although the report of the results said that a report of the excavation research had been made, such a report was not made in reality.

(Improper amount: 32.52 million yen)

(Background amount: 14,342.22 million yen (state subsidy to the entity carrying out the project, which did not properly treat the buried cultural assets for preservation))

- **Quantities and value of inherited assets that belong to national university corporations**

Regarding the assets that the national university corporations inherited from the Government when they were incorporated, because some buildings, structures and articles were not included in the inherited assets and because the value of some assets were underestimated or

overestimated, the quantities and value of the assets were calculated improperly.  
(Improper amount: 40,419.59 million yen)

Ministry of Health, Labor and Welfare

- **Treatment of the consumption tax in a project for constructing medical facilities**

State subsidies were overpaid for a project for constructing medical facilities. Because branches of the subsidized public corporations did not have sufficient knowledge concerning the treatment of the consumption tax, and because the public corporations that have branches all over Japan were not taken into consideration when the guidelines for granting subsidies were drawn up, the subsidized public corporations did not report and repay the amount of the tax credit for the consumption tax on subsidized purchases to the Ministry of Health, Labor and Welfare or the prefecture.  
(Improper amount: 43.42 million yen)

- **Placement of nursery teachers at nursery schools**

Although municipalities receive state subsidies according to the required number of nursery teachers, private nursery schools entrusted by municipalities did not secure the required number of nursery teachers because there was no clear provision as to how to convert the number of nursery teachers necessary for special nursery care, such as extended nursery care, and the number of part-time nursery teachers into the number of regular nursery teachers, and because there was no clear method for confirming the placement of nursery teachers.  
(Improper amount: 1,126.38 million yen)

- **Calculation of state contributions for public assistance expenses**

State contributions for public assistance expenses were not calculated properly. Because municipalities did not understand well how to calculate the amount of the repayments, and because they did not adequately establish a system of managing the repayments, they deducted only the amount repayable within the fiscal year from the expenses, resulting in excessive state contributions, or did not adequately manage the repayments until the disposal of losses from their nonpayment.  
(Improper amount: 971.07 million yen)  
(Background amount: 630.19 million yen (state contributions related to losses from nonpayment in municipalities that did not adequately manage the repayment of public assistance expenses))

- **Application of medical benefits to retired insured persons under the national health insurance scheme**

Because the Ministry of Health, Labor and Welfare did not clearly show the method of applying medical benefits with the omission of reporting on the acquisition of qualification as retired insured persons, some municipalities did not use this method, and many retired insured persons remained as general insured persons. As a result, state contributions for medical benefits provided under the national health insurance scheme were overpaid.  
(Improper amount: 1,502.51 million yen)

- **Provision of allowances for extended vocational training**

When public employment security offices advised persons eligible for basic unemployment allowances to receive public vocational training accompanied by the provision of allowances for extended training, they did not give sufficient vocational counseling for the persons to judge whether the training was necessary for them. As a result, the provision of allowances made for extended vocational training was unsuitable for the purpose.

(Background amount: 1,392.29 million yen (allowances for extended vocational training provided to persons to whom appropriate advice was not given))

Ministry of Agriculture, Forestry and Fisheries

- **Management of the construction of facilities**

The National Federation of Agricultural Cooperative Associations was entrusted with the management of the construction of facilities. Because the Federation did not clearly show the management fees, the client could not examine whether the fees were appropriate, and had to pay the amount beyond the upper limit. In addition, the Federation paid incentives on condition that the facilities were constructed under the management of the Federation.

(Background amount: 3,990.11 million yen (state subsidy for fees not clearly shown to the client))

- **A new project for carrying out special measures for agriculture, forestry and fisheries, such as the promotion of mountain villages**

Regarding direct sales stores and other facilities established under a new project for carrying out special measures for agriculture, forestry and fisheries, such as the promotion of mountain villages, because the effects of the project was not evaluated properly (for example, there were no appropriate guidelines for the evaluation), and because a system for continuously comprehending production of the effects was not established, the effects of the project, such as improvement in incomes and the creation of jobs, were not sufficiently realized, although the results of the use exceeded the target.

(Improper amount: 1,477.96 million yen)

- **Use of fertilizer production facilities established under a project for improving drainage in rural villages**

Regarding fertilizer production facilities established under a project for improving drainage in rural villages, because necessary measures, such as measures to prevent foul odors and measures for promotion of the recycling of sludge (such as finding buyers for the fertilizer produced), were not sufficiently carried out, the fertilizer production facilities did not operate, and the reduction of sludge disposal on agricultural land was not carried out according to plan. In this way, the effects of the project were not sufficiently realized.

(Improper amount: 1,027.13 million yen)

- **Cost-benefit analysis in the planning of a project for constructing an artificial reef**

When a project for constructing an artificial reef was planned, the cost-benefit analysis was not conducted properly because the benefits were overestimated. This was because the quantity of fish that would be caught on the reef was estimated from a prospective increase in the quantity, although actual data concerning fisheries on artificial reefs constructed in the past were available.

(Improper amount: 605.8 million yen)

- **Calculation of expenses for the sale of rice for assorted feed**

Regarding the sale of rice for assorted feed, when a calculation of expenses for the sale, which were deductible from the Government's selling price, was made, the expenses became uneconomical because charges for warehousing and loading were calculated based on a higher price for paper bags owing to the lack of research on the types of packages, and because relay stations that would make the transportation expenses economical were not selected when the sales contract was concluded.

(Improper amount: 36.13 million yen)

- **Management of a mutual aid program for cattle**

Although the mutual aid program covered all the cattle bred by the member farmers, the number of cattle covered was different from the number of cattle that were bred because the mutual aid association did not sufficiently check the number of cattle covered. As a result, the association overpaid or underpaid benefits.

(Improper amount: 127.58 million yen)

Ministry of Economy, Trade and Industry

- **Report on the results of a subsidized project for EXPO**

Results of the construction of exhibition halls for which the planning agency paid a share to the municipality were not reported properly. Because the Ministry of Economy, Trade and Industry's guidelines had not clearly shown how to settle the share, the planning agency did not confirm the actual project expenses in each fiscal year or settle the difference between the share paid based on the estimated project expenses and the share calculated based on the actual project expenses.

(Improper amount: 457.69 million yen)

- **Treatment of expenses for holding an energy exhibition**

Regarding a project for providing information on energy-saving equipment, a subsidy for the expenses for setting up exhibition halls at an energy exhibition was overpaid. Mainly because a clear policy for treating the expenses had not been established, the subsidy unnecessarily covered the expenses for setting up the exhibition halls for which the agency carrying out the project shared no expenses since the agency collected them from the exhibitors.

(Improper amount: 33.68 million yen)

Ministry of Land, Infrastructure and Transport

- **Treatment of the consumption tax on a subsidized project carried out by a private business**

Regarding a subsidized project carried out by a private company, the company did not repay the amount of the tax credit for the consumption tax on the subsidized purchase of buildings because the guidelines for granting subsidies did not clearly show how to treat the consumption tax.

(Improper amount: 240.76 million yen)

- **Payment of allowances to commissioners**

The Labor Relations Commission for Seafarers did not properly manage the number of working days or pay allowances to the commissioners. When a commissioner attended two or more meetings or was engaged in related jobs in a day, the Commission regarded the commissioner as being engaged in duties that were separate from each other when counting the number of working days. As a result, the Commission paid commissioners daily allowances according to the number of days calculated based on the number of meetings and the number of related jobs.

(Improper amount: 136.13 million yen)

- **Estimate of the commission for repairing a computer program**

The commission for repairing a computer program was overestimated. Because no estimation guidelines specifying the details of the consulting service had been drawn up, the

consulting service was mistakenly included in the commissioned service.  
(Improper amount: 32.9 million yen)

- **Treatment of the cost of materials for rubber bearings when calculating the indirect cost of constructing an iron bridge**

Regarding a state-subsidized project for constructing an iron bridge, because the prefecture that planned the project failed to check the Ministry of Land, Infrastructure and Transport's treatment of the indirect costs, the prefecture mistakenly included the cost of materials for the rubber bearings in the indirect cost of constructing the bridge. As a result, the indirect costs were overestimated.

(Improper amount: 69.4 million yen)

- **Estimate of the cost of materials for the rubber bearings used for the construction of the upper part of a bridge**

The cost of materials for the rubber bearings used for the construction of the upper part of a bridge was overestimated because the prefecture that planned the project fixed the unit prices of the materials based only on the bearing manufacturer's estimates without investigating the market prices.

(Background amount: 654.1 million yen (state subsidy for the difference between the cost of purchasing materials whose unit prices was fixed based on the bearing manufacturer's estimates and that of purchasing materials whose unit prices could be estimated based on investigation of the market prices))

- **Estimate of the cost of waiting for measurements in a project for carrying out dredging and other work**

Although the contractor did not carry out re-dredging after the measurement since the use of a high-precision measurement system made re-dredging unnecessary, the project implementing entity did not reflect this in the estimate of the cost of the project and included the cost of waiting for the measurement by working ship in the cost of the project. As a result, the cost of the project was overestimated.

(Improper amount: 43.5 million yen)

- **Promotion of the use of the Port and Harbor EDI System**

Regarding the Port and Harbor EDI System, which is used for making electronic applications during various procedures at ports and harbors, because improvement measures requested by ship agencies were not sufficient, and the importance of electronic applications and the convenience of the Port and Harbor EDI System were not adequately disseminated among ship agencies, the port authorities at important ports did not join the system, and the system was not used at important or special ports and harbors.

(Background amount: 2,241.72 million yen (expenses for developing, repairing, managing and maintaining the Port and Harbor EDI System))

- **Management of research equipment purchased under an outsourcing contract**

Research equipment purchased under an outsourcing contract concluded with an incorporated administrative agency was not used effectively because the equipment was not returned to the Government after the end of the outsourced service and because the method and procedures for handling the equipment after its return were not established.

(Background amount: 483.8 million yen (total cost of purchasing the research equipment (500,000 yen or more) for the outsourced research services completed by the end of FY2004))

- **Collection of beneficiaries' shares accompanying the construction of dams**

Regarding the shares borne by the beneficiaries of irrigation water from dams constructed by the Japan Water Agency (incorporated administrative agency), because the Agency did not fully grasp the progress of the irrigation works, the Agency did not begin to collect the shares when the works were completed.

(Background amount: 5,455.51 million yen (beneficiaries' shares to be collected))

- **Revision of prices entered in the state property register concerning runways**

When the price for runways entered in the state property register were revised, although the price of the extended parts should have been revised irrespective of the number of years that the existing runways had been used, the price of the extended parts were not revised concerning that the operational life of existing runways had expired. As a result, the price of the extended parts was overestimated. Moreover, subsidies calculated on the basis of the price of the existing runways were overpaid to the municipalities.

(Improper amount: 10,458.98 million yen)

National Life Finance Corporation

- **Check of applicants for loans from the fund for the administrative improvement of small companies**

When the National Life Finance Corporation provided loans from the fund for the administrative improvement of small companies, because it had not established a concrete method of checking the existence of applicant companies, loans were given to bogus companies without sufficient checking.

(Improper amount: 47 million yen)

Japan Highway Public Corporation

- **Management and collection of unpaid expressway tolls and tolls related to illegal passing**

Unpaid expressway tolls and tolls related to illegal passing were not managed or collected properly because of the following: the amount of unpaid tolls were not properly assessed; demands for unpaid tolls were not made properly; and images recorded by video cameras installed for the identification of illegal passers were not used effectively.

(Background amount: 1,117.74 million yen (balance of unpaid tolls at the end of FY2004))

- **Estimate of labor expenses for the crew of patrol cars for snow and ice shoveling**

When labor expenses for the crew of patrol cars for snow and ice shoveling were estimated, mainly because the actual conditions of the operations were not examined enough to have them properly reflected in the estimate, one of the two members riding in a patrol car was not regarded as a driver, and the driver's working hours were not divided into operating hours and waiting hours. As a result, the labor expenses were overestimated.

(Improper amount: 53.4 million yen)

Hanshin Expressway Public Corporation

- **Calculation of shared expenses for lighting, fuel and water concerning a rented building**

When the Hanshin Express Public Corporation calculated the lighting, fuel and water expenses to be shared by the renter of a Corporation-owned building, the expenses to be

shared by the Corporation became excessive because the area used only by the Corporation was overestimated due to the following facts: there was no internal rule concerning the method of sharing the expenses; and the actual use of the building was not fully reflected in the share.

(Improper amount: 28.2 million yen)

Japan Atomic Energy Agency

- **Collection of charges for the use of fuel testing facilities**

Charges for the use of fuel testing facilities were not collected in full because the fact that the testing could not be carried out during inspection was not properly reflected in the calculation of the charges.

(Improper amount: 41 million yen)

Japan Post

- **Placement and management of postal vehicles used by post offices**

Because Japan Post did not fully assess the post offices' use of postal vehicles or, in calculating the number of postal vehicles required for each office, it did not take into consideration the working system and conditions, the number of postal vehicles placed at the post offices exceeded the number of postal vehicles required. In addition, Japan Post unnecessarily purchased new vehicles and paid expenses for maintaining them.

(Improper amount: 406.3 million yen)

National Agriculture and Bio-oriented Research Organization and the National Institute of Agrobiological Sciences

- **Procedures for the conclusion of contracts on the purchase of research equipment**

When the two incorporated administrative agencies concluded contracts on the purchase of research equipment, the agencies did not adequately investigate whether two or more sales agents that could deliver the equipment existed in the prefecture, whether they existed also in the other prefectures, and whether fairness and competitiveness were secured. As a result, the procedures for concluding the contracts were improper. For example, the agencies adopted single tendering instead of competitive tendering or collected a written estimate from only one company.

(Background amount: 189.34 million yen and 77.53 million yen (prices of contracts concluded improperly))

National Agency for the Advancement of Sports and Health

- **Financial statements concerning a sports promotion lottery**

When the agency prepared financial statements concerning a sports promotion lottery, although all the service commission fees charged in each fiscal year should be entered in the relevant year's financial statements as expenses or liabilities, some of the fees were carried forward to the next fiscal year since the fees exceeded the upper limit of the operating expenses. Because the agency did not fully understand the law concerning the upper limit, it did not enter the fees carried forward in the next year's financial statements as expenses or liabilities in the relevant year. As a result, a large deficit was not clearly shown in the financial statements.

(Improper amount: 15,405.47 million yen)

#### Employment and Human Resources Development Organization

- **Collection of loans provided from funds for the training of skilled workers**

Regarding providing loans from funds for the training of skilled workers, although a large amount of the loans was in arrears, mainly because the agency had not made a concrete manual for collection, the agency could not grasp the amount to be collected from the borrowers or fully carry out measures for collecting the loans, such as demands for repayment and investigation of the whereabouts of the borrowers. In this way, the agency did not properly manage the loans.

(Background amount: 862.38 million yen (loans in arrears at the end of FY2004))

Akita University, University of Tsukuba, Chiba University, University of Yamanashi, University of Fukui, Hiroshima University, Saga University

- **Accounting concerning claims for medical care fees**

Since it took time to make preparations, the universities deferred sending the statements for medical charges to the agency that examines and pays medical charges. When they included the claims for medical care charges in their assets and revenues, because they did not know well about the accounting procedures for claiming medical care charges from the insurer, some claims were doubled or were not included, with the result that their assets and revenues became larger or smaller than the actual assets and revenues.

(Improper amount: 2,366.72 million yen)

#### NTT East and NTT West

- **Purchase of board containers to be loaded into subscriber modules**

When the companies purchased board containers to load into the subscriber module of a new type of switching system, because they did not know well about the whereabouts of unused board containers, they could not use the unused board containers, with the result that the cost of purchasing the board containers became uneconomical.

(Improper amount: 111.9 million yen)

- **Estimate of the cost of outsourcing building cleaning**

When the companies estimated the cost of outsourcing building cleaning, the calculation of transportation expenses included in the cost was not based on the actual transportation conditions for the workers; workers directly went to the buildings from their homes, or not based on an economical and efficient way, in which the workers actually transported between the buildings.

(Improper amount: 236.5 million yen)

## Section 5. Special descriptions (5 cases)

### (1) System for providing medium-sized enterprises with special insurance related to bankrupt financial institutions

The system of special insurance related to bankrupt financial institutions was established in December 1998 to provide business funds smoothly to the medium-sized enterprises that have received loans from bankrupt financial institutions (“medium-sized enterprise” is defined as company that has a total capital or an investment of less than 500 million yen and is not covered by the small business credit insurance). Since then, the situation has greatly changed because measures for settling the problem of the bad loans of financial institutions

were carried out under the financial revitalization program and other programs and because the definition of a small and medium-sized enterprise was expanded and the range of medium-sized enterprises became more limited. As a result of the Board's audit, the Japan Finance Corporation for Small Business paid only a small amount of insurance benefits, and the National Federation of Credit Guarantee Corporations did not give much in contributions because the special insurance was not used very much. Therefore, the funds that the Corporation and the Federation established to manage the system (total of 80 billion yen) remain hardly used. In addition, because no financial institution has gone bankrupt since November 2003, the main banks disposed of their bad loans to aimed extent by the end of FY2004, and small or local financial institutions have been settling the problem of bad loans. Due to this, the possibility that financial institutions will go bankrupt has become less than when the special insurance system was established, although this depends on the economic trends in the future. Moreover, because the range of medium-sized enterprises became more limited, the number of medium-sized enterprises covered by the special insurance system seems to be far less than when the system was established. Consequently, it is unlikely that there will be a great increase in the amount of insurance underwritten by the Japan Finance Corporation for Small Business or the amount of contributions from the National Federation of Credit Guarantee Corporations. Therefore, the Ministry of Economy, Trade and Industry should consider taking appropriate measures to make the system more suitable for the current situation, such as a reduction in the funds, comprehensively taking into consideration the economic conditions in the future, the trends in small or local financial institutions, the need for aid to medium-sized enterprises, and the opinions from the persons concerned. (Background amount: 79.8 billion yen (total of the balance of reserve funds for the special insurance related to bankrupt financial institutions and the balance of special funds for smooth financing to specified medium-sized enterprises at the end of FY2004))

**(2) Measures for strengthening the earthquake resistance of government facilities that will function as disaster prevention bases in the event of an earthquake**

The Ministry of Land, Infrastructure and Transport are building and repairing government facilities to prevent disasters and increase the convenience to the general public and the efficiency of government affairs. As part of this, the Ministry is carrying out measures for strengthening the earthquake resistance of the existing government facilities. Because the government facilities will become disaster prevention bases when an earthquake occurs, it is necessary to greatly strengthen their earthquake resistance so that the facilities can maintain their functions when a major earthquake occurs. The Ministry of Land, Infrastructure and Transport is carrying out these measures, taking into consideration the degree of importance and urgency. As a result of the Board's audit, the diagnosis of the earthquake resistance of structural parts has been almost completed, while the earthquake resistance of other building parts and equipment has still not been diagnosed in many facilities. In some of the areas where a major earthquake is anticipated, priority is given to the repair of less important facilities than the repair of the important facilities from which commands and communications will be sent when an earthquake occurs. In addition, about one-third of the repaired facilities have not attained the required level of earthquake resistance, and about a half of the important but not repaired facilities need urgent repair. As a result, facilities for which the earthquake resistance of all the structural parts, other parts, and building equipment has been secured account for 32% of all the government facilities that will function as disaster prevention bases. This means that when an earthquake occurs, the Government may be unable to carry out emergency measures, such as the provision of command and communication functions. Therefore, the Ministry of Land, Infrastructure and Transport should establish concrete medium-term and long-term plans concerning the measures for improving the earthquake resistance of government facilities that will function as disaster prevention bases, and give priority to the important facilities that need urgent repair in areas where a major earthquake is anticipated. In addition, each of the government offices concerned should promote these measures for improving the earthquake resistance of government facilities that will function as disaster prevention bases, increasing awareness of

the need for the measures.

(Background amount: 42.3 billion yen (expenses from FY1995 to FY2004 for improving the earthquake resistance of government facilities that will function as disaster prevention bases))

**(3) Project for constructing common ditches for electric cables**

The Ministry of Land, Infrastructure and Transport is carrying out a project for constructing common ditches for electric cables to eliminate utility poles from roads in order to secure safe and comfortable space for traffic, prevent urban disasters, and improve the reliability of telecommunications networks. As various disasters prevention plans, such as the Ministry's disaster prevention service plan, provide for the promotion of the construction of common ditches for electric cables due to the importance of securing lifelines in the event of a disaster, road authorities are constructing them according to the plan to construct common ditches for electric cables. As a result of the Board's audit, the participation of prospective users, such as electric power companies and telecommunications companies, is not being promoted according to the plan, and the registers for the appropriate and smooth management of common ditches are not being kept adequately. As a result, the benefits of common ditches may not be realized soon. Therefore, the Ministry of Land, Infrastructure and Transport should encourage the Council for the Promotion and Consideration of the Elimination of Utility Poles and the Council for the Promotion of Underground Electric Cables to establish a timely and appropriate construction plan. In addition, it is desirable for the Ministry to properly keep the management registers to accurately grasp the participation of prospective users so that the use of the constructed common ditches for electric cables can be promoted according to the plan.

(Background amount: 170.6 billion yen (state expenses for constructing common ditches for electric cables from FY1995 to FY2004 concerning the auditing of 21 offices and 29 prefectures))

**(4) Management of loans to develop small and medium-sized companies**

Under a project for developing small and medium-sized companies, the Organization for Small and Medium Enterprises and Regional Innovation and prefectures cooperate to provide long-term and low-interest (in special cases, no-interest) loans to projects where small and medium-sized companies establish an association to construct an industrial complex or a shopping center. As a result of the Board's audit, the period of managing the loans in arrears has become long, and claims for such loans are not properly retained. In addition, the number of loans that are highly likely to become in arrears is increasing. In some prefectures, because experienced or informed employees are not assigned to the management of the loans, and a small number of employees are managing an increasing number of loans, the assessment of the borrowers' business conditions and the submission of reports to the Organization are inadequate. Concerning the Organization's system of managing the loans, the Organization's efforts to cooperate with the prefectures are insufficient, and the contents and use of the Organization's standards for dealing with the loans are not widely disseminated among the prefectures. Therefore, the Organization should improve the system further to settle the problem of bad loans. The prefectures should fully grasp the necessary information on the borrowers and guarantors, take measures to collect loans according to the Organization's standards, and receive support and advice from the Organization to improve the system for properly managing and collecting the loans.

(Background amount: 128.6 billion yen (total balance of audited bad loans for 18 prefectures as of the end of FY2004))

**(5) Project for reconstructing apartment houses**

The Urban Renaissance Agency (incorporated administrative agency) does not supply condominiums and new apartment houses according to the Government's guidelines for

streamlining special public corporations. The guidelines also require that the Agency effectively carry out the investigation and reconstruction of apartment houses. As a result of the Board's audit, 37 apartment complexes under reconstruction and 25 apartment complexes investigated for reconstruction, the reconstruction of some complexes has been prolonged for a long time, and the reconstruction of some complexes has not started ever since the investigation and the beginning of the suspension of tenant recruitment. Concerning some of the apartment complexes that the Agency has still not started to construct, the preparation of the basic guidelines for maintenance and land use has been considerably delayed. If this situation continues, the effects of the reconstruction will not be realized soon, and the expenses payable, such as the indirect expenses related to investments, will increase year by year. Therefore, when the Urban Renaissance Agency reconstructs an apartment complex, it should make efforts to complete the reconstruction early. Concerning the apartment complexes investigated for reconstruction, the Agency should: (1) concerning the preparation of basic guidelines and the beginning of suspension of tenant recruitment, develop a plan for two or more complexes in the same area as a whole according to the conditions of the location; (2) concerning the complexes where the preparation of basic guidelines is delayed, consider using existing apartment houses, including the partial reopening of tenant recruitment, and develop a plan for two or more complexes in the same area as a whole as recommended in (1) above; and (3) concerning the complexes where tenant recruitment is suspended, promote the introduction of fixed period lease agreements as much as possible, taking into consideration the trend in demand and the income and expenditure plan. These will make the reconstruction of apartment houses more efficient and improve their management.

(Background amount: 38.5 billion yen (total of the construction in progress account as of the end of FY2004 for 17 complexes under reconstruction, the amount of fixed property related to houses under suspension of tenant recruitment in 13 complexes investigated for reconstruction, and maintenance expenses due to suspension of tenant recruitment))

## **Section 6. Special reports on audit requested by the Diet (2 cases)**

### **(1) Audit results of funds established by public corporations with state subsidies**

Concerning funds established by public corporations with state subsidies, the following were audited at the request of the House of Councilors: (1) establishment and possession of funds; (2) reexamination of funds audited for the FY2000 Audit Report; (3) management of funds, including those other than the funds mentioned in (2); and (4) establishment of a system for reexamining the fund program. As a result of the Board's audit, many of the 94 funds audited for the FY2000 Audit Report were reexamined. Some of them were terminated, repaid to the Government, or well managed, while others were still not managed well. Among the 116 funds established by the end of FY2004 (total of 1,540.9 billion yen), 33 funds should have been examined in terms of content, results, amounts, and management. Some public corporations did not adequately carry out measures for constructing a system for reexamining funds, such as a decision concerning when to reexamine the fund, the establishment of standards for measuring the degree of attainment of the purposes, and the introduction of a Sunset system.

Therefore, the public corporations should consider the necessity of the fund program, ensure that the contents of the program satisfy the needs of the beneficiaries, examine the size of the fund that meets the demand, and positively take necessary measures, including termination of the program if necessary. In addition, the public corporations should manage funds according to the purpose of establishing them, construct a reexamination system, including a decision concerning the interval between reexaminations and the establishment of standards for measuring the degree of attainment of the purpose, and improve transparency through more effective disclosure, examination and inspection.

## **(2) Audit results of the business management of incorporated administrative agencies**

Concerning the management of 45 incorporated administrative agencies, the Board of Audit conducted audit on the following aspects at the request of the House of Councilors: (1) management of the organization; (2) financial conditions; (3) business results; and (4) information disclosure. Concerning (1) “management of the organization,” many agencies pay rewards and salaries to directors and employees according to the standards for government employees. In addition, business results are reflected in salaries to a limited extent. Concerning (2) “financial conditions,” some agencies deduct their own revenues when calculating the subsidies for operating expenses, while others do not deduct them or deduct an amount different from the actual amount of their own revenues.

To include subsidies for operating expenses in the revenues, many agencies have adopted the principle that the business progresses as expenses are paid. When an agency efficiently uses a subsidy, the saved amount remains as subsidy to be determined and is not included as a profit in the financial statements for the fiscal year.

If all of its own revenues are appropriated for expenses, there is no profit from the revenues, and the results of the agency’s efforts are not shown in the financial statements. In addition, the “amount accrued through the efficient use of a subsidy” in the subsidy for operating expenses remains small. Concerning (3) “business results,” some test and research agencies show a lower growth rate in the number of published treatises compared with that of personnel expenses, some school agencies are conducting similar business which private or national universities have already begun, and some training agencies, which plays roles as national centers, are used by those who seem to have no direct relation to the purposes of the agencies. Moreover, because there are various methods of assessing the attainment of a fixed target concerning the efficiency of management, the efficiency cannot be compared between the agencies. Concerning (4) “information disclosure,” some agencies have not disclosed the information required by law.

Therefore, the Board of Audit recommends the following: (1) each incorporated administrative agency should make further efforts at independent and flexible management of the organization, paying attention to total personnel expenses specified in the medium-term plan; (2) when calculating subsidies for operating expenses, each incorporated administrative agency should fully consider whether to deduct its own revenues, taking the types of its own revenues into consideration, set an appropriate amount for its own revenues, and consider developing a method of clarifying the result of any improvement in the efficiency of the management; (3) the test and research agencies should make efforts to improve the quality of research, the school agencies should fully consider social needs and the conditions of similar schools, and the training agencies should make efforts to play roles as national centers. In addition, each agency should consider developing a method of comparing the efficiency of management among the agencies; and (4) each agency should properly disclose information to further improve the transparency of its business.

## **Section 7. Special reports on audit implementation (20 cases)**

### **(1) Prefectural police’s expenses for investigation and travel**

Concerning the accounting of expenses for investigation and travel, the Board of Audit conducted audits on nine Prefectural Polices, including Hokkaido and Fukuoka Prefectural Polices’ both of which had already completed their final investigation reports on the improper accounting transactions and practices, by questioning the persons concerned such as investigators and by checking the shops and other facilities suspected of being used. As a result of the Board’s audit, there was no problematic case. The Board reviewed the results of the police authorities’ internal investigation (or internal audit) showed that Hokkaido Police

and Fukuoka Police systematically and habitually conducted improper accounting of investigation and other expenses. The Board did not reach the conclusion different from those based on the police authorities' investigation under the condition that the Board could not utilize the objective materials but only question the persons concerned.

As described above, some prefectural police forces have not taken basic accounting principles seriously for a long time, which is extremely regrettable. The National Police Agency should make further efforts to prevent this from recurring, including encouraging the persons concerned to recognize the improprieties and strengthen the internal audit system to heighten the effectiveness of improvement measures. In addition, it is essential to construct a system whereby police can carry out thorough investigation and prompt treatment when a similar impropriety is found.

Given the importance of the improprieties and the use of the same system among all the prefectural police forces, we will continue to check whether improvement measures are being carried out without fail, and strictly inspect the accounting for investigation and other expenses.

The Board did not reach the conclusions different from those based the police authorities' investigation under the condition that the Board could not utilize the objective materials but only question the persons concerned.

## **(2) Technical research and development of defense equipment**

In 20 years from FY1985 to FY2004, the Defense Agency spent 2,251 billion yen on independent research and development of 109 equipment items for the use of the Self-Defense Forces. As a result of the Board's audit, although the Defense Agency's Technical Research and Development Institute was late in developing some items, the Institute has used its technical knowledge acquired through basic research for the development of equipment items, with the result that most items have been put to practical use. Concerning many of the items in practical use, however, there are gaps between the estimated unit price for mass production and the unit price for procurement and between the quantity assumed for the estimate of the unit price for mass production and the procured quantity. The Defense Agency thinks that those price and quantity gaps could be due to changes in the specification of items after they are put into practical use or by reexamination of the Mid-Term Defense Program. However, because the estimated unit price for mass production is one of the important factors for the judgment as to whether to carry out research and development, full consideration of practical use is necessary to estimate the unit price and the quantity assumed for the estimate. Moreover, if the gap between the quantity assumed for the estimate of the unit price for mass production and the procured quantity becomes wider, research and development will become inconsistent with the procurement of items. As a result, the Defense Agency should fully analyze the causes for the gaps and ensure that the results are reflected in the reexamination of research and development.

Therefore, to strategically strengthen the defense forces under severe financial conditions, the Defense Agency should fully consider the practical use of the items, select items for research and development, and make efforts to carry out technical research and development more effectively and efficiently.

## **(3) Measures taken at the end of the temporary government control of the Long-Term Credit Bank of Japan and the Nippon Credit Bank, and the financial status of the Deposit Insurance Corporation of Japan**

Concerning the treatment of the bankruptcies of the Long-Term Credit Bank of Japan and the Nippon Credit Bank, the Government has injected a large amount of public funds

(12,667 billion yen) into the banks since the beginning of temporary government control to carry out such measures as taking care of loan-related assets under statutory warranty and purchasing the shares owned by the banks. These measures resulted in large deficit (849.6 billion yen as of the end of FY2004) in the financial reconstruction account of the Deposit Insurance Corporation of Japan. In the future, the collection of the assets under statutory warranty and the disposal of shares owned by the banks and the existing preferred shares will have an effect on the amount of the deficit.

Concerning the assets under statutory warranty, the value of the collected assets can hardly exceed the payments. Although the Deposit Insurance Corporation will collect assets by establishing a policy, it is necessary to reexamine the classification of debtors and the policy for collection to maximize the collection according to the status of each debtor. Moreover, if there are methods more advantageous than collection by the Deposit Insurance Corporation in terms of economic rationality, it is necessary to adopt various methods, such as lump-sum sales. Concerning the shares owned by the banks and the existing preferred shares, it is essential to dispose of them appropriately from the viewpoint of the minimization of the people's burden and make efforts to reduce the liabilities with interest and the deficit in the financial reconstruction account.

#### **(4) Official Development Assistance**

The Board of Audit conducted audits on the government agencies that are providing ODA, such as the Ministry of Foreign Affairs, and carried out field review on 106 projects in 12 countries. As a result of the Board's audit, some assistance projects have not achieved sufficient outcomes. For example, several grassroots grant aids for human security have not been procured machinery and materials and not completed facilities as planned. In technical assistance projects, the transferred technologies have not been fully utilized. In these cases, the attainments of the final objectives have not been observed.

Concerning the grassroots grant aid for human security, The Embassies of Japan should make further efforts to examine whether or not the groups that carry out the projects have the ability to do so and also should disseminate the contents of grant agreements and the purpose of the aid. Concerning technical assistance projects, the Japan International Cooperation Agency (JICA) should give full consideration to the attainment of the final objectives.

#### **(5) Preliminary study for technical assistance projects**

The Japan International Cooperation Agency (JICA), an independent administrative agency, is carrying out technical assistance projects, combining the "acceptance of technical trainees," "dispatch of experts," and "provision of necessary equipment." After a project ends, the country that received the technical assistance is required to continue the use of the transferred technology to ensure the outcome of the project. The Board of Audit audited technical assistance projects, paying attention to matters necessary for ensuring the realization of the outcomes of each project. As a result of the Board's audit, there are four projects that have not fully achieved the outcomes because external preconditions for their realization have not been satisfied. Concerning these projects, the Board of Audit could not check whether JICA had fully examined the possibility that the preconditions would be satisfied. Although JICA is improving the system concerning preliminary studies, JICA should properly carry out these studies.

#### **(6) Implementation of Special Taxation Measures (the exception to the taxation on income from the sale of beef and the special postponement of the payment of inheritance tax on farmland)**

Special Taxation Measures are devised as exceptions to the basic principles of the taxation

system, namely fairness, neutrality and simplicity, and are carried out to achieve special policy purposes. Under a severe financial situation, they result in a reduction in revenues. The Board of Audit conducted audits of the application and inspection of the exception to the taxation on income from the sale of beef (tax exemption for FY2004: 9.6 billion yen) and the special postponement of the payment of inheritance tax on farmland (special postponement of tax payment for FY2003: 110.7 billion yen). Consequently,

- (1) Concerning the application of the exception to the taxation on income from the sale of beef, persons whose agriculture income is less than three million yen account for 37.3%. This indicates that some of the persons covered by the exception have not realized effective and stable agricultural management. Persons whose income covered by the exception is 10 million yen or more account for 6.2%. Concerning the special postponement of the payment of inheritance tax on farmland, persons whose agricultural income is less than one million yen account for more than 80%. This indicates that some of the persons covered by the special postponement have not realized effective and stable agricultural management.
- (2) Concerning the inspection at the time of the request for tax reform, the exception for beef has some problems. For example, the Ministry of Agriculture, Forestry and Fisheries did not analyze the effects of the exception alone. Concerning the inspection under the policy assessment, the Ministry did not use the exception for beef or the special postponement as a policy means under the policy assessment system and did not inspect the Special Taxation Measures. The Ministry should heighten the effectiveness of the policy by improving the content of the inspection of the Special Taxation Measures. The Ministry of Finance should give the government offices concerned guidance concerning the inspection of written requests and continue to fully inspect the Special Taxation Measures.
- (3) Concerning the imposition of taxation, because there are some farmers whose method of allotting expenses for beef cattle covered by the exception in the final return is not appropriate, the National Tax Agency should properly impose the taxation related to the Special Taxation Measures.

#### **(7) Inspection by municipalities of statements of medical charges**

As national medical expenses and the Government's related payments are increasing, the importance of the inspection of statements of medical charges by the insurers is rising because the inspection contributes to the proper claim for and payment of medical charges and leads to the optimization of medical expenses. Because of this, the Board of Audit examined whether the municipalities, which are the insurers of national health insurance schemes and are carrying out medical care programs for the elderly, are accurately and effectively inspecting the statements of medical charges. As a result of the Board's audit, many municipalities totally left the inspection of the contents of the statements to entrusted companies, did not fully carry out inspections using information possessed by the insurers concerning the coordination of benefits with nursing care insurance, or hardly used the results of inspections conducted in cooperation with the prefecture.

Therefore, the Ministry of Health, Labour and Welfare is expected to give guidance to the prefectures and the municipalities concerning the inspection of statements of medical charges with an attention to the followings: (1) each municipality should fully assess the entrusted company's inspection and give necessary instructions to the company to ensure that the inspection is effective; (2) the Ministry should make efforts to construct a system of providing information among the municipal departments concerned and the prefectures to carry out the inspection accurately using information possessed by the insurers; and (3) the Ministry should construct a system whereby information based on the results of the inspections is communicated from the municipalities to the prefectures, which guide and

supervise the medical institutions, and the prefectures should use the information for their guidance and supervision.

**(8) Accounting transactions of Labor Bureaus**

Given the improper accounting transactions of the Hiroshima and Hyogo Labor Bureaus, the Board examined the accounting transactions of Labor Bureaus, and found that some Bureaus improperly used government fund by forging documents or paid disbursements for fictitious dealings and deposited them with the contractors concerning the purchase of goods.

Those cases were caused by improper procedures in concluding contracts and checking receipt of goods and service and the insufficient internal control. Many Public Employment Security Offices under the control of the Labor Bureaus systematically carried out improper accounting transactions of rewards and travel expenses. The main purpose of these is to raise funds for special accounts, which is an improper custom that has been carried on for many years. The Labor Bureaus should ensure that the accounting transactions are proper and give further guidance to the Public Employment Security Offices concerning internal audit and compliance with accounting laws.

The Board will comprehensively examine the effectiveness of the measures taken by the Ministry of Health, Labour and Welfare and the Labor Bureaus for preventing a recurrence and more closely investigate the causes for the cases discovered by the Board's audit during this year. In addition, the Board will continue to audit Labor Bureaus not yet audited this year to see whether or not the Bureaus have committed improper accounting transactions, and make comprehensive analyses on the accounting transactions of all the Bureaus.

**(9) Promotion of the application of health insurance and employee pension insurance**

There are many establishments that have not submitted applications for health insurance programs or employee pension insurance programs. Reduction in the number of these establishments is important to ensure medical security and the right to receive pension benefits for the persons to be insured and to secure impartiality among the establishments and the reliability of the programs. In consideration of the above circumstances, the Board examined how health insurance and employee pension insurance have been applied, and found the followings: (1) some social insurance offices have not adequately carried out measures to promote the application; (2) the government offices concerned cooperate with each other only in providing information on the non-application of trucking companies; (3) the social insurance offices have not complied with the Social Insurance Agency's guidelines in a uniform way (for example, some of them has not promoted the application by using the list compiled from data on establishments applying employment insurance and establishments applying employee pension insurance); (4) encouragement of application only through dissemination of information on the programs is not effective; and (5) although the social insurance offices have assessed the results of the application since FY2004, how they will evaluate and use the results is unclear.

To manage these insurance programs soundly, the Social Insurance Agency should: (1) encourage the social insurance offices to make efforts to promote the application; (2) cooperate with the other government offices concerned to improve the system of promoting the application; (3) give guidance to the social insurance offices so that there will be no difference among them in the use of the list, and reexamine the use of the list and develop improvement measures; (4) strengthen the guidance of the target establishments concerning participation in the programs on condition that the Agency exercises its authority; and (5) fully assess and analyze the results of the application and use the analysis of the results for the selection and evaluation of methods of promoting the application.

**(10) Method of calculating contract prices concerning the Social Insurance Online System**

To carry out health and pension insurance programs promptly and accurately and to maintain the enormous amount of data for a long period, the Social Insurance Agency is operating the Social Insurance Online System. The expenses for operating the System were about 110.8 billion yen in FY2004. Therefore, the Board examined the method of calculating the contract prices concerning the System and the results of the feasibility study on its reform, which described the validity of the expenses for the system. The Board found that the Agency had not received working diaries from technicians engaged in the source program and development when calculating the charges for the use of the software, the Agency could not subsequently confirm the validity of the scale and efficiency of development and the labor unit price. Although, according to the feasibility study on its reform, the contractors consider the expenses for the system generally appropriate, the feasibility study was a summary study and did not cover all the expenses for the system.

Therefore, the Social Insurance Agency should: (1) when calculating charges for the use of software, verify the scale of software development beforehand and afterwards and accurately assess and verify the number of personnel engaged in the software development to set an appropriate labor unit price and other expenses for economical and efficient procurement; (2) concerning charges for the use of hardware, make efforts to procure it more economically and efficiently based on market trends (concerning hardware provided without a contract, include it in contracts, whether onerous or gratuitous, and manage it as part of the whole system); and (3) given that the feasibility study on the reform of the system is a summary study, make efforts to continue to reduce the expenses for the whole system, including charges for the use of the soft- and hardware.

**(11) Surplus in the Special Account for Measures for Improving the Agricultural Infrastructure**

The Special Account for Measures for Improving the Agricultural Infrastructure is carrying out accounting transactions concerning the measures for streamlining the ownership of farmland, the lending funds for agricultural improvement, and the lending funds for supporting persons who intend to take up farming. The Board found that the lending of funds for agricultural improvement has been sluggish recently and that there is a great gap between the amounts of the budget available for lending and the amount of settled accounts. As a result, a large surplus has accumulated year by year and reached 80.7 billion yen in FY2004. In this way, valuable funds have piled up without being used effectively. This surplus decreased by 42.3 billion yen from FY2001 to FY2004 mainly because the amount of the state subsidies to the National Association for Agricultural Landholding Rationalization for the Association's expenses necessary for the establishment of a fund for lending some of the funds required for Prefectures' public corporations to purchase farmland greatly increased from 5.2 billion yen in FY2001 to 23.8 billion yen in FY2004. However, this resulted in the Association possessing a large amount of funds, and the total value of the deposits and shares possessed by the fund was 49.4 billion yen at the end of FY2004.

Therefore, it is necessary to assess the Special Account's management of each project and the Association's possession of funds accurately and develop measures to use the Special Account's funds efficiently, including a reduction in the amount of the funds.

**(12) Measures for Beef Calves financed from the customs duties on imported beef**

To deal with the impact of the liberalization of beef imports on the price of beef calves, the Ministry of Agriculture, Forestry and Fisheries has been implementing Measures for Beef Calves, such as the provision of state subsidies to the producers of beef calves, using the customs duties on imported beef for these measures (total of 1,667.5 billion yen from FY1991 to FY2004). However, the circumstances surrounding stock raising are changing.

For example, the amount of the customs duties on imported beef is declining, and food consumers have begun to place importance on food safety. Therefore, the Board examined the measures in light of whether they have attained their purpose, that is, stabilization of the production of beef calves. The Board found that domestic beef calves are still not competitive with imported ones in terms of price although priority has been given to the measures for producing beef calves and the measures have led to a reduction in the production costs to some extent,

Concerning Japanese black cattle, the price of which is stable at a high level, no subsidy has been given to the producers from the reserve fund that the producers have accumulated by receiving subsidies from the Government. Concerning milk cows, annual state subsidies have hindered the producers' efforts to improve the quality. In addition, prospects for revenues from the customs duties on beef are unclear because the importation of beef from the United States is suspended owing to the occurrence of BSE in the United States.

Therefore, the Ministry should: (1) to continue the measures for producing beef calves and differentiate domestic beef from imported beef, carry out comprehensive measures that cover distribution, consumption, and other stages, such as further efforts to provide information on the improvement of quality and the history of production; (2) to heighten the effects of subsidies, examine the method of managing the reserve fund accumulated by the producers of Japanese black cattle (such as reexamination of the amount of the fund), and in a timely and appropriate manner, reexamine the method of calculating the guaranteed standard price for milk cows; and (3) in case a decrease in financial resources damages the effects of the continuous measures, more closely examine the measures and positively disclose information on the details of the Measures for Beef Calves to the consumers.

**(13) Surplus in the Special Accounts for the Measures for Promoting Electric Power Development**

The Special Accounts for the Measures for Promoting Electric Power Development (which consist of the Electric Power Location Account and the Electric Power Utilization Account) conduct accounting transactions concerning electric power location measures and electric power utilization measures. The Special Accounts are financed from the Electric Power Development Promotion Tax. After the Electric Power Development Promotion Law was revised in October 1, 2003, the fund for developing the areas surrounding power stations was established in the Electric Power Location Account to meet the future financial demand accompanying the establishment of nuclear electric power generation facilities. The Board of Audit identified that the surplus in the Electric Power Location Account was at the high level of 97.9 billion yen at the end of FY2004. This is mainly because many of the grants to the municipalities where electric power facilities are located were not actually provided to them, and there was a wide gap between the amount of the budget for the grants and the amount of the grants provided. As a result, although the surplus is decreasing, a large amount of unneeded money is continuing to accumulate. In addition, the establishment of nuclear electric power generation facilities has not necessarily progressed smoothly, and this severe situation will continue in the future. If the purpose of the use of the fund for developing the surrounding areas remains unclear, the fund may become the same as a surplus. Although the amount of Electric Power Development Promotion Tax included in the Electric Power Utilization Account is decreasing, the surplus in the account is increasing. The surplus was 89.3 billion yen at the end of FY2004. This is mainly because many local energy subsidies are unused as they are not required and remain as unneeded funds.

Therefore, it is desirable to examine how to deal with the surpluses in both accounts, considering both the revenues and expenditures in the case of the accumulation of unneeded funds, and to make efforts to develop measures for basically resolving the situation described above.

**(14) Measures to protect against tsunamis and high tides in coastal projects**

The managers of coasts, such as the Ministry of Land, Infrastructure and Transport, the Ministry of Agriculture, Forestry and Fisheries, and prefectural governors, have been carrying out coastal projects to prevent coasts from being damaged by tsunamis or high tides, using a large amount of project expenses. As a result of the Board's audit of measures to protect against tsunamis and high tides, although 75% of the embankments in Japan are higher than the anticipated height of a tsunami, only 24% of them have proved earthquake resistant, and 68% of them have still not been investigated in terms of earthquake resistance. Embankments higher than the anticipated height of a high tide account for 74% of all the embankments in Japan. About 80% of the municipalities in Japan have not produced a tsunami hazard map, and 97% have not prepared a high tide hazard map. In the areas where the strengthening of measures to protect these areas against the anticipated Tokai Earthquake is needed, many municipalities have still not made hazard maps, even though some embankments in the municipalities are not sufficiently high or earthquake-resistant. In addition, some municipalities have not properly established a system of keeping a coastal register to assess conditions of coastal preserved areas or a system of closing the gates at the openings of coastal protection facilities.

Therefore, the improvement of coastal protection facilities will still require a lot of time and considerable expenses. Under this restriction, the Ministries should take balanced physical and non-physical measures to reduce damage in order to achieve the effects of coastal projects earlier and to the greatest extent possible. In addition, both Ministries should advise the managers of coasts to contribute to the reduction of disasters. Concretely, both Ministries should: (1) steadily carry out more planned and concentrated measures by promoting investigation on the earthquake resistance of the coastal protection facilities; (2) support prefectures in making maps of anticipated inundation areas and municipalities in making hazard maps, and take measures to provide disaster prevention information to the users of coasts; and (3) take measures to properly establish a system of keeping a coastal register to contribute to the execution of coastal projects according to plan, and measures to establish a system of closing gates rapidly without fail in case of an emergency.

**(15) Toll roads constructed by local road corporations with the Government's loans and project approval**

The construction of a toll road is a special project for urgently constructing a road to be made available free of charge. With discussions concerning the privatization of four road-related public corporations heating up, people's interest in the use and profitability of toll roads and financial information about them has been growing. Therefore, the Board audited four expressways in designated cities and 80 general toll roads constructed using Government loans with no interest (balance of the loans as of the end of FY2004: 834 billion yen) in terms of traffic volume, repayment of the construction costs, and the statement of accounts. The Board found the following: (1) Concerning the expressways in designated cities, there are cases where the actual traffic volume is less than the planned traffic volume or cases where the total construction cost is not clear because the road is still under construction. In these cases, it is difficult to predict whether the construction costs will be fully recovered within the planned toll collection period; (2) Concerning general toll roads, the actual traffic volume of many of them is less than the planned traffic volume, and the actual revenue from the tolls is thus less than the planned revenue. Because this situation is likely to continue in the future, it is inappropriate to continue their operation without changing the original plan. In addition, the statement of accounts is not easy to understand for the general public because the comparison between the actual and the planned repayment of construction costs is not clearly indicated and because the method of stating the accounts varies among the road corporations.

Therefore, each road corporation should improve the management, revise the plan, and make

the statement of accounts easy to understand. The Government should actively provide guidance and education concerning the improvement of the management and the revision of plans in order to activate discussions in local areas, and consider improving the accounting standards to help make the statement of accounts clearer.

**(16) Government Housing Loan Corporation's management of loans in arrears**

The Government Housing Loan Corporation (the Loan Corporation) has so far loaned 161,195.5 billion yen to individuals. The Housing Loan Guarantee Corporation (the Guarantee Corporation) has assumed joint and several liabilities for most of the loans provided by the Loan Corporation. The Guarantee Corporation's rights and liabilities will be transferred to the Housing Loan Support Organization (the Support Organization) as independent administrative agency to be established in April 2007. Due to the recent increase in bad loans, the Guarantee Corporation has subrogated a large amount of loans, with the result that its financial status has worsened. In the audits and examinations of these factors, the Board found that soft housing loans and loans of more than 80% of the total housing cost seem to have contributed to the increase in the number of houses for which the Loan Corporation has provided loans and that there is a correlation between those loans and the increase in bad loans. The Loan Corporation has so far written off only loans guaranteed by natural persons. As the Guarantee Corporation's revenue from guarantee fees and the recovery of claims for reimbursement have been decreasing and its financial status has worsened, the Loan Corporation has had to write off bad loans guaranteed by the Guarantee Corporation with no revenue expected from the voluntary sales of the assets with loans. For this purpose, the Loan Corporation has accumulated 35.8 billion yen as allowance for doubtful account in budget for FY2005, which will be first used as a factor in the calculation of state subsidies. In addition, although the commissioned financial institutions advise persons in difficulty with repayments to change the method of repayment or sell the house voluntarily, there are some cases where such persons cannot receive a consultation or interview on the repayments or a site survey.

Even after the foundation of the new organization, the Loan Corporation's restrictions on bad loans will be important for the stability of the management and the stability of the residential status of the borrowers, thus the Loan Corporation should strengthen the provision of information on the methods and amounts of repayments to the borrowers of housing loans so that the borrowers can properly plan the repayments, and carefully deal with persons in difficulty with repayments, such as through the thorough provision of information on changes in the repayment conditions to such persons. Concerning the management of loans, such as their recovery, the Loan Corporation should promptly and properly carry out interviews and field surveys according to the Loan Corporation's standards for demanding the repayment of loans with interest payments in arrears and take active measures to recover the loans, such as the use of voluntary sale, after accurately assessing the state of arrears.

**(17) Loans to joint public-private corporations for the promotion of infrastructure development**

The Development Bank of Japan has provided loans for the promotion of infrastructure development since FY1987. This type of loan is provided with no or low interest to projects for improving facilities performed by joint public-private corporations that are likely to have a broad economic impact. To supplement this, the Development Bank of Japan has also provided loans with interest or made investments in some corporations. By the end of FY2004, the Bank had provided 1,446.5 billion yen as loans and 26.9 billion yen as investments. The loans consist of loans for the promotion of infrastructure development (735.1 billion yen) and loans with interest (711.4 billion yen). The loans for the promotion of infrastructure development consist of loans with no interest (730.1 billion yen) and loans with low interest (4.9 billion yen). The program of providing loans for the promotion of

infrastructure development will be abolished when the projects being planned as of the end of FY2004 are completed. The Board of Audit comprehensively examined the status of the repayment of loans for the promotion of infrastructure development and the effects of the loans on the financial condition of the Development Bank of Japan including the status after our audit results for FY1999. The Board found that the Bank wrote off loans totaling 37.7 billion yen (including 3.1 billion yen for the promotion of infrastructure development) and investments totaling 0.5 billion yen, which have affected the financial status of the Bank. The total amount of loans with interest payments in arrears is 81 billion yen (including 20.9 billion yen for the promotion of infrastructure development). The total amount of loans for which the lending conditions have been eased is 146 billion yen (including 40 billion yen for the promotion of infrastructure development). The total amount of unrealized losses from investments whose value has been considerably reduced is 9.9 billion yen. If the Bank writes off these loans and investments, this will greatly impact on its financial status. In addition, given the current financial resources for repayment, some of the joint public-private corporations that are repaying loans according to an agreement will be unable to complete full repayment by the deadline.

Therefore, the Development Bank of Japan should more appropriately manage the loans for the promotion of infrastructure development and utilize the experience in providing loans for the promotion of infrastructure development for the provision of loans with interest to joint public-private corporations carrying out similar projects.

**(18) Post offices' possession, receipt and payment of funds**

To withdraw from postal savings and pay postal insurance benefits, post offices throughout Japan possess cash (2,223.7 billion yen as of the end of FY2004). The Board of Audit conducted audits on their possession, receipt and payment of funds to check whether they properly manage the funds because the management is important to the operation of the Japan Post as a financial institution. The Board found that many post offices possess an amount of fund that is far more than the standard amount or the amount required for making payments. Since the Japan Post recognizes this situation, it has operated a system of managing the funds of post offices in a unified way since June 2005. Under this system, however, the standard level for a post office's possession of cash is calculated based on an amount that includes transactions which are not accompanied by the receipt or payment of cash. Therefore, it is necessary to make an adjustment when calculating the amount of cash possessed by a post office. Accurate grasp of the transactions not accompanied by the receipt or payment of cash is a problem to be solved in the future.

Therefore, Japan Post, which is scheduled to be privatized and divided into several companies in the near future, should make the necessary adjustments when operating the system of managing its funds, and ensure effective fund management that accords with the actual conditions, paying attention to the progress of the system of managing affairs at the windows of the post offices, such as automatic cashiers that makes it possible to accurately grasp the cash required.

**(19) Japan Broadcasting Corporation's collection of subscription fees**

Concerning the Japan Broadcasting Corporation, since an employee's embezzlement of expenses for producing programs was discovered in July 2004, an increasing number of people have refused or withheld the payment of subscription fees. At the same time, it was found that there were many people who have not concluded an agreement for a subscription or paid the subscription fees. The number of people who feel that the subscription fee system is unfair has been increasing. Due to this situation, revenues from subscription fees are expected to decline substantially in FY2005, which may hamper the Japan Broadcasting Corporation in carrying out its mission of public broadcasting. Therefore, the Board checked whether the Corporation is collecting subscription fees efficiently and fairly. The Board of

Audit found that, although the Corporation is endeavoring to increase the number of people who conclude agreement for subscription, it is difficult to account for people who do not conclude agreement for subscription because the prospective subscribers are absent from their residences and because companies make false reports about the installation of television sets. Although the Corporation is carrying out activities to recover public trust, given the increase in the number of those who refuse or withhold the payment of the subscription fees, the effects of these activities are not sufficient at present. The Corporation should therefore make further efforts to prevent the recurrence of scandals and to reduce expenses. Moreover, it is essential for the Corporation to eliminate people's feelings of unfairness concerning the payment of subscription fees. For this purpose, the Corporation should do the following in addition to the dissemination of the purpose of the subscription fee system among the public: (1) devise measures for efficiently assessing the actual status of non-subscribers; (2) devise more effective measures for collecting subscription fees from non-payers; (3) continue to make efforts to gauge the installation of television sets by companies; and (4) consider taking legal action as a last resort, if this is inevitable.

**(20) Government public relations**

To promote various measures, it is extremely important for the Government to improve the transparency of the administration and to obtain the understanding and cooperation of the public. In addition, the importance of public relations is growing. Therefore, the Board conducted audits of the public relations across the government ministries. Concerning the contract method, the proportion of competitive tendering and the proportion of single tendering for which planned competition is carried out are both low, and planned competition is sometimes limited in terms of fairness and transparency.

Concerning calculation of the estimated price, there are many cases where the estimate is based only on simple data. Concerning the efforts to make public relations effective, some government ministries have not grasped the conditions for the use of printed public relations materials or made adequate efforts to improve the convenience of websites. Concerning the verification of the public relations services, more than a half of the government offices did not verify them.

Each government ministry should therefore do the following. (1) Concerning the adoption of single tendering for the reason that competition is not suitable due to the nature or purpose of the contract, reexamine the validity of the reason in order to increase the adoption of competitive tendering. If it is unavoidable to adopt single tendering, examine the possibility of planned competition. When carrying out planned competition, adopt a method that prevents the arbitrary choice of a contractor. (2) When calculating the estimated price, collect written estimates from two or more advertising agencies if possible. In addition, make efforts to improve the rationality of the estimate, making a comparison with published materials. (3) Concerning printed public relations, take other measures to carry out public relations more effectively by reexamining the number of copies to be distributed to each recipient and further improving the convenience of websites, and conduct effective inspections.

