

1. Outline

Audit cases are classified into the following in the parts entitled Audit Findings by Category and others.

(1) Audit Findings by Category

- (a) Improprieties (Matters which the Board has identified as being in violation of laws, regulations or appropriated budget)
- (b) Presented Opinions and Demanded Measures (Matters for which the Board has presented its opinions, or demanded remedial measures to relevant ministers under the provision of Article 34 and 36 of the Board of Audit Act (Note))
- (c) Measures Taken (Matters for which the auditee involved took remedial measures in response to the inquiries of the Board)
- (d) Audit Results of the Remedial Measures Taken against Improprieties (Audit results on the implementation status of the remedial measures taken by the auditees against Improprieties and Measures Taken in the previous audit reports)

(2) Special Report to the Diet and the Cabinet, Special Report on implementation of audit on specific matters requested by the Diet, etc.

- (a) Special Report to the Diet and the Cabinet (Matters reported to the Diet and the Cabinet under the provision of Article 30-2 of the Board of Audit Act (Note))
- (b) Special Report on Audit Requested by the Diet (Audit results reported to the Diet under the provision of Article 30-3 of the Board Audit Act (Note) concerning the cases audited upon request for audits under the provision of Article 105 of the Diet Act)
- (c) “Special Report on Audit Implementation (Report on specific matters which the Board deems it necessary to report among audit activities of the Board)
- (d) Special Report on Specific Matters of the Public Interests (Report on specific matters of the public interests which the Board deems it necessary to report in audit activities of the Board)
- (e) Audits of Financial Documents of Special Accounts (Audits of financial documents of special accounts under the provision of Article 19 (2) of the Act on Special Accounts)

(Note) The Board of Audit Act (excerpt)

Article 30-2 The Board of Audit may, at any time, report to the Diet and the Cabinet on matters on which the Board presented its opinions or demanded measures under the provision of Article 34 or 36, or other matters which the Board deems particularly necessary to report.

Article 30-3 When the Board of Audit receives a request, from either House, any of the Committees of either House or any of the Research Committees of the House of Councillors, under the

provision of Article 105 of the Diet Act (Act No. 79 of 1947)

(including the case where this is applied by Article 54-4 paragraph 1 of the same Act), it may conduct the audit upon specific matters requested and report the results.

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.

Fig. 1 shows the number of cases and the amounts concerning (a), (b) and (c) of (1) and (a), (b) and (c) of (2) above.

Fig.1 Summary of Audit Findings by Category

(Unit: 1 million yen)

Category	Number of cases	Improper amounts (Note1) [Background amounts]
Improprieties	593	12,329.93
Presented Opinions and Demanded Measures	18 under Article 34 (Note2)	<17 cases> 32,287.01 (225.99) (3,881.03) (4,644.18) (525.13)
		<4 cases> 44,873.13 (40,953.30) (656.92) (44,036.30)
	47 under Article 36 (Note2)	<23 cases> 125,309.64 (Note3) (11,875.19) (3,863.34) (8,203.69) (78,583.78) (90,403.45) (165,752.39) (238,860.73) (125,941.30) (441.71) (6,893.85) (Note4) (13,897.71) (3,375.79) (12,348.77) (225,254.66)
Subtotal	69 cases	<44 cases> 202,469.78
Measures Taken	46 cases	<45 cases> 21,802.18 (32.07)
(Total for the above categories)	708 cases	<682 cases> 2364 (Note5) 236,450.00
Special Report to the Diet and the Cabinet	23 cases (Note6)	—
Special Report on audit requested by the Diet	5 cases	—
Special Report on audit Implementation	4 cases	—
Grand total	717 cases (Note7)	<682 cases> 236,450.00 (Note5)

(Note1) Improper amounts represent any deficiency in the collection of taxes or social insurance premiums to be collected; overpayments for construction or purchases; overpayment of subsidies; amount of credit managed improperly; amount of assets not utilized effectively; and any amount of assets stated improperly in the statements of account and the financial statements.

Background amounts represent overall payments and investments since improper amount cannot be calculated due to the following audit cases: 1) cases where the law, regulation, and system or administration need to be improved and 2) cases where investment effect has not been realized since the problems of policy prevent the project from progress. Besides, the background amounts are not totalled up since the basis for determining the background amounts differ from case to case.

(Note2) 8 cases of Presented Opinions and Demanded Measures have improper amounts and background amounts.

(Note3) Opinions were presented to 11 ministries and agencies, including the Cabinet, concerning the same case.

(Note4) Remedial measures were demanded to three companies, including the East Nippon Expressway Company Limited, concerning the same case.

(Note5) Some cases are double counted as Improprieties and Presented Opinions and Demanded Measures, as well as Improprieties and Measures Taken and such duplication is deducted from the total respectively. Therefore, adding of each improper amount does not correspond with total.

(Note6) Of the 23 cases of Special Report to the Diet and the Cabinet, 17 cases are double counted as Presented Opinions and Demanded Measures and 6 cases are as Measures Taken in Audit Findings by Category.

(Note7) Total number of cases does not include 23 cases of Note 6.