

## 2. Outline of Audit Findings by Category

Of the cases reported in Audit Findings by Category, the numbers of case and the amount by ministry/agency concerning Improproprieties, Presented Opinions and Demanded Measures and “Measures taken” are as shown in the following figure.

Fig. 2 Outline of audit findings by ministry/agency and by category (Unit: 1 million yen)

Auditee	Category		Presented Opinions and Demanded Measures (Note1)		Measures Taken		Total (Note2)	
	Cases	Amount	Cases (Note3)	Amount (Note3)	Cases	Amount	Cases (Note3)	Amount (Note3)
Cabinet			34 36	1			1	
Cabinet Office (Cabinet main office)			34 36	1			2	5,902.07 (408.67)
Cabinet Office (Fair Trade Commission)			36	1			1	(138.74)
Cabinet Office (National Police Agency)	(Note4) 10	(Note4) 22.50	(Note3) 36	1			11	(22.50) (226.55)
Ministry of Internal Affairs and Communications	(Note5) 12	(Note5) 189.11	34 36	1			14	188.04 (1,747.38)
Ministry of Justice	(Note4) 1	(Note4) 2.40	36	1	2	137.22	4	139.62 (3,863.34)
Ministry of Foreign Affairs			(Note6) 36	1	2	576.00	3	576.00 (8,203.69)
Ministry of Finance	3	1,116.41	(Note3) 36	5	4	1,564.64	12	3,419.83 (78,583.78) (963.87) (107.89)
Ministry of Education, Culture, Sports, Science and Technology	(Note5) 14	(Note5) 100.04					14	(Note5) 100.04
Ministry of Health, Labour and Welfare	(Note5) 317	(Note5) 6,005.70	34 36	2	1	2,862.94	321	5,252.29 (4,737.02)
Ministry of Agriculture, Forestry and Fisheries	(Note5) 96	(Note5) 1,299.16	34 36	1			111	45,137.10 (352.07)
Ministry of Economy, Trade and Industry	(Note5) 13	(Note5) 196.01	34 36	1	2	525.46	19	864.90 (61,172.22) (1,447.01) (90,403.45)

Auditee	Category	Improprieties		Presented Opinions and Demanded Measures		Measures Taken		Total	
					(Note1)				
Ministry of Land, Infrastructure, Transport and Tourism		88	1,853.96	(Note8)	6,611.71	4	157.60	(Note7)	6,611.71
				③④ 5	(225.99)			(Note7)	(225.99)
					(3,881.03)				(3,881.03)
					(4,644.18)				(4,644.18)
			(Note8)	2,341.09	4	157.60	(Note8)	(2,341.09)	
			③④③⑥ 2	(40,953.30)				(40,953.30)	
				(656.92)				(656.92)	
			(Note3)	(Note3)				(Note3)	
			③⑥ 4	(1,745.96)			(1,745.96)		
				(165,752.39)			(165,752.39)		
				(238,860.73)			(238,860.73)		
				(125,941.30)			(125,941.30)		
Ministry of the Environment		11	259.45	③④ 3	2,724.83			14	2,984.28
Ministry of Defense		1	29.52	(Note8)	157.40	4	99.60	(Note8)	423.40
				③④ 1	(525.13)				(525.13)
				③⑥ 2	136.88				(441.71)
					(441.71)				
Okinawa Development Finance Corporation				③④ 1	1,148.91			1	1,148.91
Promotion and Mutual Aid Corporation for Private Schools of Japan		5	42.23					5	42.23
Narita International Airport Corporation				③⑥ 2	3,549.28			2	3,549.28
					(6,893.85)				(6,893.85)
East Nippon Expressway Company Limited				③⑥ 1	(4,578.68)	1	99.17	2	99.17
									(4,578.68)
Central Nippon Expressway Company Limited				③⑥ 1	(3,494.14)	1	81.27	2	81.27
									(3,494.14)
West Nippon Expressway Company Limited				③⑥ 1	(5,824.88)	1	32.77	2	32.77
									(5,824.88)
National Institute of Information and Communications Technology						1	(32.07)	1	(32.07)
National Research Institute for Earth Science and Disaster Prevention		1	4.10					1	4.10
National Livestock Breeding Center				③⑥ 1	(3,375.79)			1	(3,375.79)
National Agriculture and Food Research Organization		1	2.28					1	2.28
Forestry and Forest Products Research Institute						1	6.68	1	6.68
Nippon Export and Investment Insurance						1	104.15	1	104.15
Advanced Industrial Science and Technology				③④ 1	87.54			1	87.54
Japan Mint						1	25.50	1	25.50
National Printing Bureau						1	3,771.86	1	3,771.86
National Consumer Affairs Center of Japan				③⑥ 1	49.47			1	49.47

Auditee	Category	Improprities		Presented Opinions and Demanded Measures (Note1)		Measures Taken		Total (Note2)	
Agriculture & Livestock Industries Corporation						1	59.74	1	59.74
Japan International Cooperation Agency				(Note6) ③⑥ 1	(Note6)	2	802.16	(Note6) 3	(Note6) 802.16
Japan Foundation						1	82.32	1	82.32
New Energy and Industrial Technology Development Organization						1	298.39	1	298.39
Japan Science and Technology Agency				③⑥ 1	11.21			1	11.21
Japan Society for the Promotion of Science		1	1.02					1	1.02
Japan Aerospace Exploration Agency				③⑥ 1	(12,348.77)			1	(12,348.77)
Japan Organization for Employment of the Elderly and Persons with Disabilities		1	10.50					1	10.50
Japan External Trade Organization						1	325.07	1	325.07
Japan Railway Construction, Transport and Technology Agency						3	127.51	3	127.51
Japan Water Agency						1	34.05	1	34.05
Japan Oil, Gas, and Metals National Corporation						2	169.33	2	169.33
Employment and Human Resources Development Organization of Japan		1	10.70					1	10.70
Japan Labour Health and Welfare Organization		1	19.43					1	19.43
National Hospital Organization		10	90.67					10	90.67
Japan Student Services Organization				(Note8) ③⑥ 1	13,282.82 (225,254.66)			(Note8) 1	13,282.82 (225,254.66)
Organization for Small & Medium Enterprises and Regional Innovation, JAPAN						1	279.82	1	279.82
Urban Renaissance Agency		2	17.19	③⑥ 1	137.20			3	154.39
Japan Expressway Holding and Debt Repayment Agency		1	151.35					1	151.35
Japan Atomic Energy Agency		1	892.40					1	892.40
Japan Housing Finance Agency				③④ 1 (Note8) ③④⑥ 1	9,020.17 41,785.60 (44,036.30)			(Note8) 2	50,805.77 (44,036.30)
University of Tokyo		1	8.70					1	8.70
Okayama University		1	5.00					1	5.00
Japan Broadcasting Corporation						1	8,848.25	1	8,848.25

Auditee	Category	Improprieties		Presented Opinions and Demanded Measures		Measures Taken		Total	
				(Note1)				(Note2)	
Metropolitan Expressway Company Limited						2	175.96	2	175.96
Hanshin Expressway Company Limited						1	85.59	1	85.59
Nippon Telegraph and Telephone East Corporation						1	286.80	1	286.80
Japan Post Service Co., Ltd.				㉔㉞ 1	746.44			1	746.44
Japan Sewage Works Agency						1	182.33	1	182.33
<b>Total</b>		593	12,329.93	(Note6) 69	202,469.78	46	21,802.18	(Note6) 708	(Note7) 236,450.00

(Note1) Concerning the item “Presented opinions and Demanded measures”, the cases identified with ㉔ refer to audit findings under Article 34 of the Board of Audit Act, and the cases identified with ㉞ refer to those under Article 36.

(Note2) 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.

(Note3) 1 case of the Cabinet, 1 case of the Cabinet Office (Cabinet main office), 1 case of the Cabinet Office (Fair Trade Commission), 1 case of the Cabinet Office (National Police Agency), 1 case of the Ministry of Internal Affairs and Communications, 2 cases of the Ministry of Finance, 1 case of the Ministry of Health, Labour and Welfare, 1 case of the Ministry of Agriculture, Forestry and Fisheries, 1 case of the Ministry of Economy, Trade and Industry and 1 case of the Ministry of Land, Infrastructure, Transport and Tourism are all related to the same case.

(Note4) 1 case of the Cabinet Office (National Police Agency) and 1 case of the Ministry of Justice are related to the same case.

(Note5) The same case is included in the number of cases related to the Ministry of Internal Affairs and Communications, the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare and the Ministry of Economy, Trade and Industry each.

(Note6) Although 1 case of the Ministry of Foreign Affairs and 1 case of the Japan International Cooperation Agency involve both the Ministry of Foreign Affairs and the Japan International Cooperation Agency, the amount is included only in the column of the Ministry of Foreign Affairs. In addition, the duplication is deducted from the total of cases.

(Note7) Some cases are double counted as Improprieties and Presented Opinions and Demanded Measures (implementation of projects for overseas agriculture emigration and exchange (pages 303 and 350) and calculation of administrative expenses for works commissioned under subsidized projects (pages 433 and 484)) or “Improprieties” and “Measures taken” (improper collection of taxes (pages 116 and 145)). Because such duplication is deducted from the total, amounts do not add up to the total.

(Note8) “Presented opinions and Demanded measures” include 8 cases that have both an improper amount and a background amount.

Summaries of the matters related to the 708 cases categorized into “Improprieties” and others cited above are described below.

**(1) Improperities****(593 cases in total; 12,329.93 million yen)**

The following are explanations of Improperities, which have been classified into those related to revenues, those related to expenditures, and others. Examination will be made of the cases described as Improperities, including not only the cases where the Board demanded appropriate or necessary measures for rectification and improvement under the provision of Article 34 of the Board of Audit Act and the cases recognized as violations of accounting laws or as impropriety among the cases categorized as Measures Taken, but also cases involving demands for disciplinary actions under the provision of Article 31 of the Board of Audit Act and adjudications on liability for indemnity under the provision of Article 32 thereof.

**A. Improperities related to revenues****(25 cases; 2,607.38 million yen)**

Ministry or Agency	Budgeting	Taxes	Insurance premiums	Medical expenses	Illegal acts	Other	Total
Ministry of Finance		1					1
Ministry of Health, Labour and Welfare	1		2	4	2	2	11
Ministry of Agriculture, Forestry and Fisheries						1	1
Japan Labour Health and Welfare Organization					1		1
National Hospital Organization				9	1		10
Japan Expressway Holding and Debt Repayment Agency						1	1
Total	1	1	2	13	4	4	25

**(a) Budgeting****(1 case; 77.50 million yen)****<Improper accounting>**

## ○ Ministry of Health, Labour and Welfare

- Accounting transactions were significantly improper. When disposition was made for insurance premiums in arrears, establishments' insurance premiums in arrears were counted as losses from nonpayment through the preparation of false documents, with the result that the claims for such premiums were annulled. When some of the establishments paid the premiums later, the paid premiums were accepted as premiums paid by other establishments.

**(1 case; 77.50 million yen)**

**(b) Taxes** **(1 case; 1,024.66 million yen)**

**<Improper collection of taxes>**

○ Ministry of Finance

- There were excesses or deficiencies in the amounts of tax collected from 293 taxpayers. Although some of them made errors in the reported amount of income or tax, the errors were overlooked. In addition, taxation materials were not accurately collected or utilized.

(1 case; 1,024.66 million yen)

**(c) Insurance premiums** **(2 cases; 1,157.47 million yen)**

**<Improper collection of insurance premiums>**

○ Ministry of Health, Labour and Welfare

- There were excesses or deficiencies in the amounts of labour insurance premiums collected from 403 employers. Although the total amounts of wages entered in the employers' reports of final insurance premiums were different from the actual amounts, the insurance authorities' investigation and confirmation were not adequate.

(1 case; 321.16 million yen)

- There were deficiencies in the amounts of premiums of health insurance and welfare pension collected from 403 employers. Although employers who always took on many short-time workers, such as part-timers, failed to submit applications for insured persons' qualifications, the insurance authorities' investigation, confirmation, and guidance were not adequate.

(1 case; 836.31 million yen)

**(d) Medical expenses** **(13 cases; 140.09 million yen)**

**<Improper claims for medical treatment fees>**

○ Ministry of Health, Labour and Welfare

- There were deficiencies in the amounts of medical treatment fees charged by the National Rehabilitation Center for Persons with Disabilities, because the Center failed to notify the basic hospitalization fees according to the actual condition of nursing care.

(1 case; 30.11 million yen)

- Three hospitals designated as highly technical national medical centers (NCs) excessively or insufficiently charged medical treatment fees because they failed to add extra fees to hospitalization fees, made mistakes in classification for the calculation of anesthesia fees, failed to calculate expenses for specific medical materials used for operations, or applied rates higher than those applicable to actual operations.

(3 cases; 30.41 million yen)

○ National Hospital Organization

- Nine hospitals in the network of the National Hospital Organization excessively or insufficiently charged medical treatment fees because they failed to calculate expenses for specific medical materials used for operations, made mistakes in classification for the calculation of anesthesia fees, failed to add extra fees to hospitalization fees, or applied rates higher than those applicable to actual operations. (9 cases; 79.56 million yen)

**(e) Illegal acts (4 cases; 35.90 million yen)**

**<Embezzlement>**

○ Ministry of Health, Labour and Welfare

- When employees of Social Insurance Offices were engaged in the collection of national pension insurance premiums, they embezzled premiums received from proprietors. (2 cases; 5.34 million yen)

○ Japan Labour Health and Welfare Organization

- When a hospital employee was engaged in issuing medical certificates, although he had no authority to collect certificate fees, he embezzled certificate fees by issuing false payment certificates to which he affixed the official seal of the director of the hospital without permission. (1 case; 19.43 million yen)

○ National Hospital Organization

- A hospital employee embezzled hospitalization fees when being engaged in calculating medical treatment fees. The employee received cash from the person in charge of collection, falsely stating that because there was a mistake in the calculation of collected medical treatment fees, the employee had to return money to patients. (1 case; 11.11 million yen)

**(f) Others (4 cases; 171.74 million yen)**

**<Improper collection of insurance benefit expenses>**

○ Ministry of Health, Labour and Welfare

- If expenses for industrial accident insurance benefits under the workmen's accident compensation insurance scheme are related to an accident caused by the proprietor's willful or gross negligence, a part of the expenses may be collected from the proprietor. However, because this provision was not fully realized, the Tokyo and Ehime Labour Bureaus failed to collect expenses from proprietors. (2 cases; 9.61 million yen)

**<Improper collection of lease fees>**

○ Ministry of Agriculture, Forestry and Fisheries

- Regarding the calculation of fees for lease of national forests, the lease fees turned out to be low against appropriate amount because of any of the following reasons: the assessed value of another road than the road along which the lease lot was located was applied; an appropriate price revision rate was not applied according to the location of the residential lot.

(1 case; 10.77 million yen)

○ Japan Expressway Holding and Debt Repayment Agency

- Collected fees for occupation-permitted structures under elevated highways were underpaid. Although occupants gained profits from the management of the structures, occupation fees were not collected or were wrongly calculated.

(1 case; 151.35 million yen)

**B. Improprieties related to expenditures**
**(567 cases; 8,830.14 million yen)**

Ministry or Agency	Budgeting	Budgeting Subsidies	Construction	Services	Insurance benefits	Medical expenses	Subsidies	Illegal acts	Others	Total
	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases
Cabinet Office (National Police Agency)		9		1						10
Ministry of Internal Affairs and Communications				1			11			12
Ministry of Justice				1						1
Ministry of Finance									2	2
Ministry of Education, Culture, Sports, Science and Technology				3			11			14
Ministry of Health, Labour and Welfare	21			4	4	2	274		1	306
Ministry of Agriculture, Forestry and Fisheries			2	4			89			95
Ministry of Economy, Trade and Industry	2			3			8			13
Ministry of Land, Infrastructure, Transport and Tourism	1			1			86			88
Ministry of the Environment	9						2			11
Ministry of Defense								1		1
Promotion and Mutual Aid Corporation for Private Schools							5			5
National Research Institute for Earth Science and Disaster Prevention				1						1
National Agriculture and Food Research Organization	1									1
Japan Society for the Promotion of Science							1			1
Japan Organization for Employment of the Elderly and Persons with Disabilities									1	1
Employment and Human Resources Development Organization									1	1
Urban Renaissance Agency				2						2
University of Tokyo				1						1
Okayama University	1									1
<b>Total</b>	<b>35</b>	<b>9</b>	<b>2</b>	<b>22</b>	<b>4</b>	<b>2</b>	<b>487</b>	<b>1</b>	<b>5</b>	<b>567</b>

**(a) Budgeting**

**(35 cases; 390.54 million yen)**

**<Improper accounting>**

- Ministry of Health, Labour and Welfare
  - Regarding a service contract of concerning the conduct of a survey on the safe use of generic drugs, the analysis of the survey results and the preparation of a report, the contract price was paid through improper accounting transactions, such as the preparation of documents that falsely stated that the contract had been performed within the contract period.

(1 case; 8.98 million yen)
  - When Regional Social Insurance Offices purchased goods, expenses were paid through improper accounting transactions, such as the preparation of documents that falsely stated that undelivered goods had been delivered. 

(19 case; 69.64 million yen)
  - Regarding persons who work for exclusively for the labour union in the Social Insurance Agency, although they were not engaged in their own duties, three Social Insurance Offices paid them salaries and the Social Insurance Agency bore their mutual aid contributions.

(1 case; 165.37 million yen)
- Ministry of Economy, Trade and Industry
  - Regarding the purchase of goods, expenses were paid through improper accounting transactions, such as the preparation of documents that falsely stated that undelivered goods had been delivered. 

(2 cases; 91.49 million yen)
- Ministry of Land, Infrastructure, Transport and Tourism
  - Contracts on aerial photographing work violated the principle of the use of general competitive bidding under accounting laws. Although general competitive bidding was applicable to the aerial photographing work, the work was divided so that the estimated cost for each contract would become less than one million yen, and was contracted to specific companies by negotiated contract. 

(1 case; 7.57 million yen)
- Ministry of the Environment
  - Maintenance fees for national parks and others were paid through improper accounting transactions, such as the preparation of documents that falsely stated that undelivered goods had been delivered. 

(9 cases; 40.18 million yen)

○ National Agriculture and Food Research Organization

- Regarding business trips by the use of airplanes, travel expenses were overpaid. Although Passenger Service Facility and other charges should be included in daily allowances, they were paid as airfares. (1 case; 2.28 million yen)

○ Okayama University

- When the University purchased goods for research, the researcher forced the vendor to prepare false invoices and bills for fictitious transactions and had the University pay the purchase prices for the transactions and kept the paid amount separately. (1 case; 5.00 million yen)

**(b) Budgeting/Subsidies**

**(9 cases; 20.10 million yen)**

**<Improper accounting transactions and improper accounting of subsidized projects>**

○ Cabinet Office (National Police Agency)

- Expenses for the purchase of police equipment and necessary goods were paid through improper accounting transactions, such as the preparation of false documents. (9 cases; 20.10 million yen)

**(c) Construction**

**(2 cases; 160.16 million yen)**

**<Improper construction>**

○ Ministry of Agriculture, Forestry and Fisheries

- Regarding a national project for the construction of irrigation and drainage facilities, when the control panel and other components necessary for the management of a dam were installed, internal thread bolts were used instead of external thread bolts. Because of this impropriety, the maintenance of the functions of the control panel and other components were not ensured in the case of earthquakes or other disasters. (1 case; 158.38 million yen)
- Regarding National Project for Lake Nakaumi Land Improvement, the execution of repair works of an irrigation canal was significantly deviated from the design, such as insufficient depth of slots to be filled with sealing compounds. As a result, the joints between sealing compounds and concrete were not strong enough to ensure water-tightness or avoid the possibility of water leakage in peeling off sealing compounds. (1 case; 1.77 million yen)

**(d) Services**

**(22 cases; 225.69 million yen)**

**<Overpayment of outsourcing expenses>**

- Ministry of Education, Culture, Sports, Science and Technology
  - Contract amounts related to a project for provision of special support to art and creative activities were overpaid. Although some expenses entered in the performance report were false, investigation and confirmation of them were insufficient. (1 case; 9.26 million yen)
  
- Ministry of Health, Labour and Welfare
  - Outsourcing expenses related to lifetime career ability development projects were overpaid because expenses which were not eligible for the project were paid from the outsourcing expenses. (1 case; 62.33 million yen)
  
- Ministry of Agriculture, Forestry and Fisheries
  - Regarding a project for the improvement and maintenance of a forest reserve, outsourcing expenses were overpaid because the expenses included wages for temporary employees who worked for other departments than the department in charge of the project or were engaged in the installation of forest reserve signs, which were not eligible for the project. (1 case; 5.45 million yen)
  
- Ministry of Economy, Trade and Industry
  - Regarding accounting transactions for a contract to outsource an entrepreneur education promotion project, outsourcing expenses were overpaid because personnel expenses for lecturers under an experience-based entrepreneur education program at public elementary, junior high and senior high schools were calculated by the use of a time unit not based on actual expenses. (1 case; 43.09 million yen)
  
  - Outsourcing expenses for researches on waste reduction, reuse and recycling were overpaid because personnel expenses were calculated by a time unit not based on the amount paid actually by the contractor. (1 case; 16.16 million yen)
  
- Ministry of Land, Infrastructure, Transport and Tourism
  - When a contract on the lease and maintenance of electronic copiers was concluded by general competitive bidding, the contract amount was overpaid because the actual unit price was higher than the unit price on which the successful bid was based. (1 case; 8.53 million yen)

○ Urban Renaissance Agency

- Regarding a contract to outsource the management of joint audio-visual facilities, outsourcing expenses were overpaid because the number of payments of electricity charges during a year was calculated excessively without confirmation. (1 case; 10.59 million yen)

<Overvalued contracts>

○ Cabinet Office (National Police Agency), Ministry of Justice

- The amount of a contract to outsource preparations for the G8 Justice and Home Affairs Ministerial Meeting was overvalued because expenses necessary for the management of the website was miscalculated. (2 cases; 4.80 million yen)

○ Ministry of Health, Labour and Welfare

- The amount of contracts for outsourcing the survey of sites for a government office building and housing for government officials were overvalued. According to the Social Insurance Agency's notice that specified instructions for the implementation of the survey, it was unnecessary to outsource the survey of sites if the area recorded in the registry was the same as the area recorded in the National Property Ledger and the existing border could be confirmed. (2 cases; 6.40 million yen)

○ Ministry of Agriculture, Forestry and Fisheries

- Regarding a national irrigation and drainage project, the project budget was overestimated and the contract amount was overvalued. In estimating the contract amount to outsource research on water quality influence, although the estimation standards provided that the expenses for outsourced analysis of water quality should not be included in the miscellaneous expenses, this provision was not followed. (1 case; 5.40 million yen)

○ National Research Institute for Earth Science and Disaster Prevention

- Regarding a contract to outsource security service, the contract amount was overvalued. Although terminal tools should not be replaced unless they have troubles, expenses for the tools were estimated on the assumption that they should be replaced five years after the installation. (1 case; 4.10 million yen)

○ Urban Renaissance Agency

- Regarding a contract to outsource the inspection of fire protection equipment, the outsourcing expense was overestimated and the contract amount was overvalued. Although the general administrative expense rate specified in an administrative notice should be applied if an outsourcing contract is concluded with an affiliated company by negotiated contract, the

general administrative expense rate specified in the estimation standards was mistakenly applied. (1 case; 6.60 million yen)

○ University of Tokyo

- The contract amount to outsource the management and conveyance of medical materials at the University of Tokyo Hospital was overvalued. In estimating the target price, extra fees were calculated by including bonuses, which were not to be included in the wages on which the calculation of extra fees were based. In addition, midnight service allowance, overtime allowance, and holiday work allowance were unnecessarily added to the cost.

(1 case; 8.70 million yen)

**<Improper accounting of outsourcing expenses>**

○ Ministry of Internal Affairs and Communications, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry

- Outsourcing expenses concerning designated statistical surveys were overpaid because the contractors paid expenses for purchase of goods through improper accounting transactions, such as preparation of false documents. (5 cases; 6.51 million yen)

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

- Outsourcing expenses for scientific technology tests and researches were overpaid because the researchers included the purchase prices of research tools different from those specified in invoices or forced the vendor to prepare false invoices and bills to have the universities pay purchase prices for fictitious transactions. (1 case; 18.40 million yen)

○ Ministry of Agriculture, Forestry and Fisheries

- Outsourcing expenses for research for a project were overpaid because the researcher forced the vendor to prepare false invoices and bills to have the university pay purchase prices for fictitious transactions. (1 case; 9.33 million yen)

**(e) Insurance benefits**

**(4 cases; 225.69 million yen)**

**<Improper payment of insurance benefits>**

○ Ministry of Health, Labour and Welfare

- Unemployment insurance benefits were improperly paid to 275 persons. Recipients concealed their reemployment or entered an improper date of their reemployment in applications for unemployment benefits, and the investigation and checks by the employment offices

concerned were not adequate. (1 case; 63.14 million yen)

- Subsidies for employment promotion for specific job seekers were improperly paid to 47 entities. The employers improperly applied for the subsidies, by fictitiously reporting some individuals who had been already employed as new employees through introduction of the public employment security office. The investigation and checks by the employment offices concerned were not adequate. (1 case; 25.98 million yen)
- Old-age pensions were improperly paid to 154 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, failing to submit the notification for acquisition of the qualified insured, did not report the fact of employment to the authorities concerned and the investigation, confirmation and guidance of the authorities concerned were not adequate. (1 case; 87.22 million yen)
- Old-age pensions were not paid to 433 qualified pension recipients because when they sought consultations about their pension records with the competent Social Insurance Offices, it was found that their 499 unintegrated pension records had still not been dealt properly with integrating into the basic pension number system. Accordingly, the Social Insurance Offices failed to pay old-age pensions properly. (1 case; 49.34 million yen)

**(f) Medical expenses (2 cases; 630.16 million yen)**

**<Overpayment of medical expenses>**

○ Ministry of Health, Labour and Welfare

- Medical expenses for the elderly were overpaid to 146 medical institutions and 37 pharmacies. Although they improperly claimed for medical treatment fees, such as basic hospital fees, specific hospital fees and additional basic hospital fees, the investigation and checks of the insurers concerned and their agents were not adequate. (1 case; 593.82 million yen)
- Medical treatment fees were overpaid to 141 medical institutions under the workers' accident compensation insurance scheme. Although they improperly claimed fees for operations and hospitalization, the investigation and checks of the insurers concerned and their agents were not adequate. (1 case; 36.33 million yen)

**(g) Subsidies (487 cases; 6,917.24 million yen)**

**<Improper execution of projects and improper accounting transactions>**

○ Ministry of Internal Affairs and Communications

- Regarding projects for promotion of municipal mergers, project expenses already financed by

the special local allocation tax were treated as expenses eligible for subsidies, or expenses necessary for projects were overestimated. As a result, state subsidies were paid unnecessarily or excessively. (7 cases; 163.94 million yen)

- Regarding projects for improvement of disparities in telecommunications access, subsidies were overpaid because the purpose of the subsidies was not achieved due to failure to start voluntary broadcasting or because data input costs not eligible for subsidies were treated as eligible for them. (4 cases; 20.86 million yen)

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

- Subsidies for promotion of international cultural exchanges (assistance in the development of human resources for the internationalization of Okinawa Prefecture) were overpaid because expenses not eligible for subsidies, such as trainees' living expenses outside the dispatch period, were treated as eligible for subsidies. (1 case; 21.73 million yen)
- State contributions for the improvement of public school facilities were overpaid because the increase in the number of students by the construction of apartment houses was overestimated. (1 case; 16.73 million yen)
- Subsidies for improvement of public school facilities were overpaid because the required quantity of non-shrinkable mortar was excessively entered in the design specifications. (3 cases; 6.68 million yen)
- Subsidies for improvement of national university facilities were overpaid because construction costs which were not eligible for subsidies were treated as eligible for subsidies. (1 case; 2.65 million yen)
- Subsidies for private universities' ordinary operating expenses (special subsidies to promote advancement of private universities' education and research) were overpaid because the researchers forced the vendors to prepare false invoices and bills to have two School Juridical Persons pay purchase prices for fictitious transactions. (2 cases; 16.44 million yen)
- Subsidies for improvement of private school facilities were overpaid because expenses for repairing outer walls, which were unrelated to anti-seismic reinforcement, were treated as eligible for subsidies. (2 cases; 4.15 million yen)
- Subsidies for promotion of private sports (financial assistance to the Japanese Society of School Health) were overpaid. Although expenses for outsourcing surveys and researches were not eligible for subsidies, they were treated as eligible for subsidies. (1 case; 3.68 million yen)

○ Ministry of Health, Labour and Welfare

- Subsidies for administrative costs of medical facilities were overestimated. Salary expenses were calculated based not on the revenue ratio of the whole hospital but on the ratio of the center's medical revenues to the whole hospital's medical revenues related only to hospitalization. In addition, although depreciation expenses should be calculated based on the acquisition prices of buildings and others from which the prices of those constructed by the use of state subsidies were deducted, they were calculated based on prices from which only the amounts of state subsidies were deducted. (1 case; 38.26 million yen)
- State contributions for the provision of medical benefits under the national health insurance scheme were overpaid to municipalities because of any of the following reasons: the municipalities failed to deduct the amount of medical benefits during the retroactivity period for retired employees insured retroactively; the amount of medical benefits to general insured persons were miscalculated; or medical benefits eligible for measures to ease burdens were adjusted mistakenly. (44 cases; 915.09 million yen)
- Subsidies for financial adjustment under the national health insurance scheme were overpaid to municipalities because the municipalities overvalued the expenditures regarding medical care covered by the adjustment, undervalued the revenues covered by the adjustment, or mistakenly included a certain amount in the special subsidies for collection and medical revision. (29 cases; 985.57 million yen)
- Subsidies for the support of the development of the next generation were overestimated because the personnel expenses for ordinary childcare, which were not eligible for subsidies, were included in public day nurseries' costs of taking care of sick children and convalescent children. (8 cases; 27.29 million yen)
- State contributions for the protection of children were overestimated because levies were underestimated due to miscalculation of income taxes of persons responsible for children or because expenses were overestimated due to wrong application of the unit price of childcare. (42 cases; 64.44 million yen)
- State contributions for the provision of welfare benefits were overpaid because of any of the following reasons: the refunds were calculated improperly; welfare benefits were paid based on underestimated incomes of households receiving them; or the investigation of the right to receive pension benefits was not adequate. (67 cases; 775.99 million yen)
- State subsidies for the support of community life were overpaid because expenses paid from the next fiscal year's budget were treated as eligible for subsidies. (1 case; 1.67 million yen)

- With regard to subsidies for expenses for welfare of mentally or physically disabled children (persons), expenses eligible for subsidies were excessively paid because of miscalculation of the costs of assistance in mentally disabled persons' community life and other services.  
(1 case; 1.21 million yen)
- Subsidies for authorization of disability degrees were paid unnecessarily because they were overlapped with subsidies for promotion of municipal mergers. (1 case; 1.00 million yen)
- Regarding state contributions to the project for providing benefits for support of disabled persons' independence, because expenses eligible for the contributions were double recorded or because expenses not eligible for them were recorded, the project expenses were overpaid, with the result that the contributions were granted excessively. (27 cases; 174.81 million yen)
- Subsidies for improvement of social welfare facilities were overpaid. Although a nursery room was planned to be constructed for specific nursery service in improving a day nursery, the room was not constructed in reality. (1 case; 4.34 million yen)
- A subsidy for promotion of elderly health projects (projects for promoting the health of elderly persons) was overpaid because the researcher forced the vendor into preparing false invoices and bills for fictitious transactions and received gift certificates from the vendor as kickback.  
(1 case; 1.10 million yen)
- Contributions to health projects were overpaid because of any of the following reasons: the number of persons under 40 years old who had received basic medical examination was used as a basis for calculating the contributions; the number of persons who had received basic medical examination twice or more and the number of persons who had received basic medical examination after receiving thorough medical examination conducted under the national health insurance scheme were used as bases for the calculation; or the basic collection amount or the collection amount was not deducted from the basic unit price in calculating the basic amount. (10 cases; 101.07 million yen)
- State contributions to the long-term care insurance benefits were overpaid because the expenses for the long-term care insurance were misclassified between those paid to nursing care centers and those paid to others. The latter, for which the state grants contributions at a higher rate than the rate for the former, was calculated excessively. (5 cases; 75.37 million yen)
- A subsidy for ordinary adjustment of nursing care insurance were overpaid because the ratio of subsidy was overestimated due to the miscount of the number of the latter-stage elderly.  
(1 case; 5.32 million yen)

- Subsidies for scientific researches on welfare and labour were overpaid because the researchers forced the vendors into preparing false invoices and bills to have the research institutes pay purchase prices for fictitious transactions or because expenses not eligible for the subsidies were treated as eligible for them. (7 cases; 37.20million yen)
- Subsidies for home welfare projects were overpaid because of any of the following reasons: project expenses were miscalculated; subsidized expenses contained personnel expenses for social workers who were stationed at the key center but were engaged in works other than the management of the center; or subsidized expenses for self-support of meal projects contained cooking expenses, which should be paid by users. (7 cases; 71.52 million yen)
- State contributions for the support of institutional training for the mentally disabled were overpaid due to the double entry of benefits for specific inmates' food expenses. (1 case; 1.50 million yen)
- Contributions for protection of physically disabled persons were overpaid because amounts written in applications for contributions to support for institutional training were mistakenly used as amounts actually paid by users. (1 case; 1.81 million yen)
- Subsidies for improvement of facilities at vocational training institutes were overpaid because expenses eligible for subsidies were overestimated due to excessive calculation of the area to be subsidized for improvement of facilities. (2 cases; 18.27 million yen)
- Subsidies for skill development measures were overpaid because unjustly paid travel expenses were included in subsidized expenses or because a higher amount of retirement allowance reserves than the proper amount was included in subsidized expenses. (17 cases; 105.39 million yen)

○ Ministry of Agriculture, Forestry and Fisheries

- Regarding projects for the research and design of municipal projects, when municipalities receive tax credit for consumption tax on purchase, they must return the amount of subsidies corresponding to the tax credit. Some municipalities failed to return them. (31 cases; 58.55 million yen)
- Projects for overseas agriculture emigration and exchange were not carried out properly because the remaining funds received from disorganized regional fund associations were not used for guarantee of obligation or because the purpose of the support was not achieved due to the use of funds for guarantees beyond the scope of the service. (4 case; 87.14 million yen)

- The purpose of a project for improvement of fishery districts was not achieved because the fish selling facilities constructed by the project were used not for selling fish but for keeping fishing tools. (1 case; 42.35 million yen)
- Regarding projects for improvement of foundations for development of business entities, systems for preventing bridges from falling were not designed properly, because the structure for the prevention was not built in spite of the ground that might be liquefied in case of an earthquake, or because the structure for the prevention was improperly used also as displacement restriction structure. As a result, the required degree of safety for the upper parts of the bridges was not secured. (2 cases; 18.80 million yen)
- Regarding a project for providing subsidies for creation of vital communities, when precast watercourses were designed as agricultural drainages, because the total weight of vehicles passing above the watercourses was not taken into account, and the ground bearing capacity was taken into account by mistake, the number of pine stakes to be planted as foundation piles was underestimated, with the result that the design became inappropriate and the required degree of safety of the agricultural drainages was not secured. (1 case; 13.06 million yen)
- Regarding a project for construction of biomass conversion facilities, when block walls were tested as to whether they would fall by the ground pressure, although a part of the landform approximate one meter behind the wall was inclined, the ground pressure was calculated on the assumption that the landform was level, with the result that the design became inappropriate and the required degree of safety of the wall was not secured. (1 case; 1.60 million yen)
- Regarding a new special project for agriculture, forestry and fisheries, such as the promotion of mountain villages, although the project plan specified that the number of users of farm experiencing facilities was a part of the number of users of all the promotion facilities, the former was not mistakenly included in the latter when the area of the parking lot was calculated, with the result that the area of the constructed parking lot became too large. (1 case; 1.29 million yen)
- Regarding a subsidized project for promoting the utilization of water, earth and villages, because the number of days when officials were engaged in operations unrelated to the subsidized project were included in the number of man-days for the project, the project cost was overestimated. (2 cases; 116.43 million yen)
- Regarding a project for promoting the discovery and utilization of local biomass, although the actual expenses for the project already included consumption tax, consumption taxes were added to the expenses, with the result that the project expenses were overpaid. (1 case; 1.22 million yen)

- Regarding subsidy projects for hilly and mountainous areas, subsidies were overpaid. Because when inclines were measured, several apartment complexes were mistaken as one apartment complex, apartment complexes standing on slightly inclined farm sites, which were not eligible for subsidies, were treated as eligible for them, with the result that subsidies were overpaid. (2 cases; 1.09 million yen)
  - Regarding forest development projects, some of them were not subsidized because they were not carried out, or subsidies were improperly estimated because the project area was padded. (1 case; 42.26 million yen)
  - Regarding a project for training of leaders of green employment, subsidies were overpaid, because it was falsely reported that training had been held on days when no training had been held due to instructors' overnight business trips or trainees' all day work at a woodworking plant. (1 case; 6.93 million yen)
  - Subsidies for compensation for abnormalities were overpaid because compensation was awarded for what did not meet the requirements for compensation or because compensation was overpaid. (1 case; 4.69 million yen)
  - Regarding a project for promoting the improvement of the technical ability to manage the food manufacturing process, because unpaid rents were included in the subsidized project expenses, the subsidized project expenses were overpaid. (1 case; 41.00 million yen)
  - Regarding an emergency support project for developing and securing village farming, because the village leader could not establish a village farming organization, a part of the project was not subsidized. (1 case; 2.31 million yen)
  - When the administrative expenses for a state-subsidized project were executed, expenses for the purchase of goods were paid through improper accounting transactions, such as the preparation of documents that falsely stated that undelivered goods had been delivered, or expenses for supplies, wages or travel expenses were paid for purposes not eligible for subsidies. (38 cases; 668.77 million yen)
- Ministry of Economy, Trade and Industry
- Regarding subsidized projects, when the amount of subsidies corresponding to tax credit for consumption tax on purchase was determined through the filing of consumption tax return, the amount must be returned. In reality, however, the amount was not returned. (4 cases; 23.33 million yen)

- Regarding a project for technology transfer in specific fields, although personnel expenses were received for other work commissioned for another purpose around the same time, a part of the personnel expenses were included in the personnel expenses for the human resources development in the project when the subsidized project expenses were estimated. As a result, the subsidized project expenses were overestimated. (1 case; 10.57 million yen)
  - Regarding a subsidized project for development of a power station site, the design was improper due to the following reasons: although the design specified that the section of the props for the installed protection fences against falling rocks should be smaller than assumed, structural calculation was not made anew; regarding the existing walls for which the fences had installed, stability calculation was not made against the ground pressure added due to the installation. As a result, the required degree of safety of the fences was not secured. (1 case; 3.72 million yen)
  - Regarding a project for creation of IT management innovation models, the purpose of subsidies was not achieved, because the system planned to be developed and introduced was still not fully developed. (1 case; 3.67 million yen)
  - Regarding accounting procedure of subsidies for supporting small and midsize enterprises, subsidies were overpaid, because the amount paid for pamphlets not delivered during the period of the subsidized project were treated as eligible for subsidies. (1 case; 2.75 million yen)
- Ministry of Land, Infrastructure, Transport and Tourism
- Subsidies for road construction projects were overpaid. When the whole or a part of construction is entrusted to local governments agencies: the maximum limit of subsidies for administrative expenses should be calculated by deducting the amount multiplied by the ratio of agency's administrative expenses from the project cost and the ratio of administrative expenses. In these cases, however, this deduction was not made. (21 cases; 97.86 million yen)
  - Subsidies for road construction projects were overpaid. The cost of entrusted improvement of tracks accompanying the widening of a railway crossing should not be treated as consideration for transfer of assets under the Consumption Tax Act, because the improved assets belong to the railway company entrusted with the improvement. Therefore, consumption tax is not imposed on the cost. In these cases, however, the amount of consumption tax on the improved tracks was added to the cost. (2 cases; 7.70 million yen)
  - An additional subsidy for a community's disaster prevention project was overpaid, because improvement of the fire station, which was not eligible for the additional subsidy, was treated as eligible for it. (1 case; 30.15 million yen)

- A state subsidy for construction of drainage was overpaid. Because the cost increased due to a change in the drainage route, contributions were received from the causers of the change. The contributions, however, was not deducted from the subsidized expenses.  
(1 case; 20.21 million yen)
- A subsidy for a community development project was overpaid. Because the cost of constructing facilities not to be treated as a factor for the calculation of the subsidy, the subsidy was calculated based on the cost of constructing all the facilities planned be constructed in the project.  
(1 case; 15.81 million yen)
- A subsidy for a project for lowering rents for public housing was overpaid, because the subsidized rents contained rents for houses where persons earning income more than the designated ceiling lived.  
(1 case; 1.88 million yen)
- A subsidy for a project for improvement of traffic safety facilities was overpaid. The cost of improving railway facilities, such as improvement of a railway track, should not be treated as consideration for transfer of assets under the Consumption Tax Act, because the improved assets belong to the railway company entrusted with the improvement. Therefore, consumption tax is not imposed on the cost. In this case, however, the amount of consumption tax on the improved facilities was added to the cost.  
(1 case; 1.12 million yen)
- Regarding subsidized projects, systems for preventing bridges from falling were not designed properly because the structure for the prevention was not built, with the result that the required degree of safety for the upper parts of the bridges was not ensured.  
(3 cases; 36.81 million yen)
- Regarding a subsidy project for local road construction, safe and smooth traffic on a pavement was not ensured during the designated design period due to improper design of the pavement structure. The thickness of the pavement structure was less than the required thickness as a result of miscalculation of design CBR and traffic volume.  
(1 case; 13.75 million yen)
- Regarding a disaster restoration project, the required degree of safety was not ensured due to improper design. When a guardrail is installed directly on a wall, stability calculation should be made with consideration for loading in case of automobile collision. In this case, however, stability calculation was not adequate.  
(1 case; 5.08 million yen)
- Regarding a road reconstruction project, the purpose of the reconstruction was not achieved due to improper design. When a watercourse was designed, measures against depression were not considered sufficiently, great depression and counter-gradient occurred.  
(1 case; 3.03 million yen)

- Regarding a project for construction of traffic safety facilities, the required degree of illumination of road lighting facilities was not ensured due to improper design. Although an application for approval of materials submitted before the construction of the facilities stated that lamps whose specifications were different from those described in the design, approval was given without sufficient examination. (1 case; 1.66 million yen)
- Regarding a land readjustment project, the cost of compensating for moving of structures that hindered the project was overestimated. Although it was fully possible to use large machines for removing asphalt pavements, the unit price for manual removal was applied. (1 case; 3.26 million yen)
- Regarding a subsidy project for community development, the cost of compensating for moving of water pipes that hindered the project was overestimated because the depreciation of assets was not taken into consideration when the cost is calculated. (1 case; 2.35 million yen)
- Regarding a road reconstruction project, the cost of compensating for moving of a steel-frame building was overestimated because the cost of purchasing steel materials and the cost of processing and assembling them at a factory were overestimated due to misclassification of the unit price of H-shaped beam applied according to the shape of the steel used for the main components of the building. (1 case; 1.98 million yen)
- Regarding a road reconstruction project, the cost of compensating for moving of greenhouses and other structures was overestimated because the estimated cost of reconstruction was not multiplied with a reconstruction compensation rate to be calculated based on useful life and the number of years of use. (1 case; 1.64 million yen)
- Railway works necessary for a river improvement project were outsourced to a railway company. Because the value of works done was not inspected properly, outsourcing fees were paid on the assumption that the value of works done each year between FY2004 and FY2007 was equal to the value estimated in each year's agreement. (1 case; 274.52 million yen)
- Regarding a project for construction of high-quality rental houses for the elderly, although tax credit for consumption taxes on purchase was granted as a result of filing consumption tax return, the amount of subsidy was not returned according to the amount of tax credit. (1 case; 1.00 million yen)
- Regarding a sewerage project, the purpose of subsidies was not achieved because a lot acquired to store incinerated ash until the use of it as a road material was never used. (1 case; 357.99 million yen)

- Regarding a harbor improvement project, the required degree of safety of embankments was not ensured. Although the design documents stated that friction-increasing mats should be attached to the bottom of the cellular blocks of the main body, which should then be installed on the mound, the contractor failed to attach friction-increasing mats.  
(1 case; 9.20 million yen)
  - Subsidized expenses for a sewerage project were overestimated. Although approval was given to the contractor's application to the effect that other types of materials for mud pipes than those specified in the design documents, the contract price was not reduced accordingly.  
(1 case; 3.08 million yen)
  - The subsidy for a project for comprehensive improvement of public housing stock was overpaid because when expenses for purchase of materials for repairing outer walls were calculated, the estimated cost of installing lattices at nine places were mistakenly regarded as the cost of installing them at one place.  
(1 case; 1.49 million yen)
  - When the administrative expenses for a state-subsidized project were executed, expenses for purchase of goods were paid through improper accounting transactions, such as the preparation of documents that falsely stated that undelivered goods had been delivered, or expenses for supplies, wages or travel expenses were paid for purposes not eligible for subsidies.  
(41 cases; 946.17 million yen)
- Ministry of the Environment
- The purpose of a project for construction of waste disposal facilities was not achieved due to improper design on the base of the balancing reservoir.  
(1 case; 205.47 million yen)
  - Although a fund was created by the use of subsidized expenses for removal of specific troubles caused by industrial waste, the administrative expenses for the project financed by the fund were used for other purposes than the of the fund.  
(1 case; 13.79 million yen)
- Promotion and Mutual Aid Corporation for Private Schools of Japan
- Subsidies for private universities' operating expenses were overpaid. Although some private universities did not fulfill the requirements for increase of subsidies, such as positive provision of financial information, the Corporation calculated the amount of subsidies based on the calculation materials submitted by the universities.  
(5 cases; 42.23 million yen)

○ Japan Society for the Promotion of Science

- A subsidy for scientific research was overpaid because the researcher forced the supplier into forging invoices and bills to have the university pay purchase prices for fictitious transactions.  
(1 case; 1.02 million yen)

**(h) Illegal acts** **(1 case; 29.52 million yen)**

**<Embezzlement of cash>**

○ Ministry of Defense

- The Air Staff Office dispatched a self-defense official to the United States of America as an official in charge of funds for prepayment of expenses. In the US, the official deposited the funds in a public account he opened in his name. When he was engaged in his duties, such as payment of expenses for US forces' training to Japanese self-defense officials from the funds, he transferred the fund to his personal account, using online procedures.  
(1 case; 29.52 million yen)

**(i) Others** **(5 cases; 231.00 million yen)**

**<Improper payment of nursing care benefits>**

○ Ministry of Health, Labour and Welfare

- Expenses for the provision of nursing care benefits were improperly paid to 34 nursing care service providers, with the result that the central government's burden of paying the expenses became unreasonable. This was due to insufficient check against improper claims for the expenses. For example, although some of the providers did not employ full-time doctors, they failed to multiply the prescribed number of units by 0.7. There were also providers who did not deduct the amount of claim in spite of their failure to fulfill the requirement for the number of doctors as provided by the Medical Service Act.  
(1 case; 118.04 million yen)

**<Improper payment of subsidies>**

○ Japan Organization for Employment of the Elderly and Persons with Disabilities

- Regarding subsidies for creating joint employment opportunities mainly for the elderly, three proprietors falsely stated in applications for the subsidies that some persons covered by unemployment insurance had been employed prior to the date of application, and attached incorrect receipts to the applications. However, due to insufficient investigation, the subsidies were improperly paid to the proprietors.  
(1 case; 10.50 million yen)

- Employment and Human Resources Development Organization of Japan
  - Regarding subsidies to ensure basic human resources for small and medium-sized companies, employers falsely stated in applications for the subsidies that they had paid more than three million yen as the cost of constructing facilities or that personnel with working experience in their companies within the past three years had been newly employed. However, due to insufficient inspection of the applications, the subsidies were improperly paid to 2 proprietors. (1 case; 10.70 million yen)

**<Imposition of additional tax on nonpayment>**

- Ministry of Finance
  - Because the Tokyo Regional Tax Bureau failed to carry out affairs concerning calculation of salaries properly, a shortage of one billion yen arose in withholding income tax, with the result that additional tax on nonpayment and delinquent tax were imposed on the Bureau. (1 case; 86.55 million yen)
  - Because the Shibuya Tax Office failed to prepare documents concerning correction of taxable incomes and was delayed in notifying the local government of the correction, the local government's penalty concerning inhabitants tax refunds was increased, with the result that the Tax Office had to pay damages accordingly. (1 case; 5.19 million yen)

**C. Improprieties unrelated to revenues or expenditures (1 case; 892.40 million yen)**

**Budgeting (1 case; 892.40 million yen)**

**<Improper accounting>**

- Japan Atomic Energy Agency
  - When the Agency depreciated its fixed assets, the Agency failed to include important fixed assets and wrongly judged that there was a sign of depletion in fixed assets used according to the purpose at the time of acquisition. As a result, the amount of depreciation was not calculated properly and its financial statements became improper. (1 case; 892.40 million yen)

**(2) Presented Opinions / Demanded Measures (69 cases in total)**

**A. Cases under the provision of Article 34 of the Board of Audit Act (18 cases)**

**(a) Cases where the Board demanded appropriate or necessary measures (9 cases)**

- Cabinet Office (Cabinet main office)
  - Registration of assets acquired through new construction and other work projects in the National Property Ledger

Some national assets that the Cabinet Office acquired in FY2007 through new construction and other work projects were not properly registered in the National Property Ledger, partially because the internal control did not function sufficiently to ensure the appropriateness of the affairs concerning the registration of assets in the National Property Ledger. Therefore, the Cabinet Office should promptly register national assets that were acquired through new construction and other work projects but have still not been registered in the National Property Ledger. Moreover, the Cabinet main office should take measures for the establishment of an administration system that can accurately register acquired assets in the National Property Ledger, such as the establishment of concrete and clear procedures for administration of affairs that can timely and appropriately register national assets in the National Property Ledger.

(1 case; improper amount of 5,902.07 million yen)

○ Ministry of Health, Labour and Welfare

- Management and collection of Labour insurance premiums in arrears

If a Labour insurance premium is paid after the deadline specified in the letter of demand, the Prefectural Labour Bureaus should collect arrears. When the premium is paid in full, the Bureau should determine the amount of arrears and, if the arrears are not paid, manage the claim for the unpaid arrears. However, some Prefectural Labour Bureaus were negligent in determining the amounts of unpaid arrears and managing the claims on book for unpaid arrears or in demanding payment by sending letters to employers in arrears. Therefore, the Ministry of Health, Labour and Welfare should appropriately determine the amounts of the unpaid arrears according to accounting laws and take measures for the establishment of a system for accurately demanding payment. (1 case; improper amount: 4,219.05 million yen)

- Use of self-support benefits under the Services and Supports for Persons with Disabilities Act for carrying out a public assistance program

Regarding public assistance, when welfare services are provided to a disabled person, self-support benefits take priority over nursing care benefits. Moreover, if a person is qualified to receive both medical care benefits and self-support benefits for rehabilitative medical care, the latter takes priority over the former. In some cases, however, although a disabled person was qualified to receive both welfare services and self-support benefits for rehabilitative medical care, nursing care benefits and medical care benefits were provided without the use of self-support benefits by welfare offices. Therefore, the Ministry of Health, Labour and Welfare should have welfare offices use self-support benefits promptly and take measures for promoting timely and appropriate provision of self-support benefits, such as establishment of cooperation between the department in charge of public assistance and the department in charge of welfare services for the disabled and clarification of guidelines for management of nursing care benefits and medical care benefits.

(1 case; improper amount: 1,033.24 million yen)

○ Ministry of Land, Infrastructure, Transport and Tourism

- Power supply contracts for lamps used for road lighting facilities and use of power-saving lamps

The National Highway Offices of the Ministry of Land, Infrastructure, Transport and Tourism conclude power supply contracts with electric power companies to pay electricity charges and replace lamps for the maintenance of road lighting facilities. Each time a mercury lamp burns out, the lamp is replaced with an energy-saving lamp, such as a high-pressure sodium lamp, which consumes half as much electricity as a mercury lamp and is economical and environment-friendly. However, some National Highway Offices did not endeavor to reduce electricity expenses. For example, they failed to reexamine the capacity agreed upon in the power supply contract when they replaced mercury lamps with energy-saving ones, or continued to use many mercury lamps because they did not adopt the most appropriate replacement method. Therefore, the Ministry should devise concrete measures for reviewing the power supply contracts immediately and for replacing mercury lamps with energy-saving ones promptly.

(1 case; improper amount: 169.77 million yen)

- Registration of facilities acquired for consolidation of road information management operations in the National Property Ledger

Two National Highway Offices failed to register in the National Property Ledger land, buildings, and information and telecommunications equipment acquired for road information centers' road management operations, but instead, both offices registered them into the road ledger as things that attach to roads as defined in the Road Act. Therefore, the Ministry of Land, Infrastructure, Transport and Tourism should take measures such as accurately registering into the National Property Ledger the land, buildings, and information and telecommunications equipment not registered in the Ledger and making clear that when a National Highway Office acquires a road information center or other facilities, it should register the related assets in the National Property Ledger.

(1 case; improper amount: 6,248.85 million yen)

○ Ministry of the Environment

- Registered value of national property acquired through construction of facilities in national and other parks

The Ministry of the Environment has entrusted the Director of each Regional Environment Offices with the management of national property acquired through construction of facilities in national and other parks. However, because values to be registered in the National Property Ledger were not calculated properly as specified in the project implementation guidelines concerning construction, the cost essential for creating the value of each national asset, the direct cost of temporary construction or the indirect construction cost, was sometimes not

registered in the National Property Ledger. Therefore, the Ministry of the Environment should immediately correct the registered values of the national assets in question, revise the project implementation guidelines, and take measures for disseminating the guidelines widely so that values can be registered accurately and surely.

(1 case; improper amount: 2,621.83 million yen)

- Management of goods by Regional Environment Offices

The Ministry of the Environment has appointed the Directors of the Regional Environment Offices as officials in charge of the management of goods. However, some of the Offices have failed to record goods in the goods management register accurately, with the result that it cannot be confirmed where recorded goods are kept or acquired goods and goods in use have not been recorded in the register. There are also Offices that have failed to notify the Minister of the Environment, the Minister of Finance and the Board of lost or damaged goods. Therefore, the Ministry of the Environment should investigate the current conditions of goods, carry out required measures, such as correction of records in the goods management register, and take measures such as notifying the Minister of the Environment, the Minister of Finance and the Board of lost or damaged goods and widely informing the officials of the Regional Environment Offices about the basic knowledge on the management of goods and the procedures specified in the Goods Management Act.

(1 case; improper amount: 75.03 million yen)

- Okinawa Development Finance Corporation

- Violation of restriction on conditions for rental of houses

When the Okinawa Development Finance Corporation grants loans for rental houses, the Corporation prohibits the borrower as lessor from receiving a reward from any lessee or attach any condition that imposes an unreasonable burden on the lessee. However, because borrowers did not know this restriction on loans, or because the Corporation has still not establish any system for having borrowers follow the restriction, violations of the restriction occurred, such as borrowers' receipt of rewards from lessees. Therefore, when loans violate the restriction on the conditions for rental of houses, the Okinawa Development Finance Corporation should order the borrowers to refund the rewards to the lessees. Moreover, regarding all the other loans for rental houses, the Corporation should investigate whether the condition has been violated or not and, if there is a violation, promptly take a similar measure. In addition, the Corporation should take measures to have borrowers follow the restriction.

(1 case; improper amount: 1,148.91 million yen)

- Japan Housing Finance Agency

- Violation of restrictions on conditions for rental of houses

Persons who borrow money from the Japan Housing Finance Agency for the construction of apartment houses are prohibited to receive a reward from any lessee or attach any condition that imposes an unreasonable burden on a lessee. However, because borrowers did not know this restriction on loans, or because the Agency's head office failed to clearly instruct the branch offices to conduct surveys on the actual conditions of apartment houses, there were violations of the restriction, such as borrowers' receipt of rewards from lessees. Therefore, if borrowers violate the restriction on the conditions for apartment rental, the Agency should order the borrowers to refund the reward to the lessees. Moreover, regarding all the other loans for the construction of apartment houses, the Agency should investigate whether the restriction has been violated or not and, if there is violation, promptly take a similar measure. In addition, the Agency should take measures to make the restriction widely known for the promotion of the observance and carry out surveys on actual conditions without fail.

(1 case; improper amount: 9,020.17 million yen)

**(b) Cases for which the Board demanded necessary measures for Rectification and Improvement (9 cases)**

○ Ministry of Internal Affairs and Communications

- Determination of a lease period for calculation of equipment lease expenses payable as project expenses

To solve various problems by the use of info-communications technologies, the Ministry of Internal Affairs and Communications has entrusted local governments with the implementation of a project for creating local children watching system models and a project for creating models of utilization of local ICT. It has been agreed that, after the end of these projects, the local governments should continue to use the systems for their services at their own expenses and lease equipment necessary for their services in principle. However, because the Ministry of Internal Affairs and Communications did not concretely designate a lease period for the calculation of lease expenses payable from the project funds, the local governments regarded the entrustment period as the lease period and paid all equipment lease expenses from the project funds. Therefore, when the Ministry of Internal Affairs and Communications entrusts similar projects and pays lease fees for necessary equipment from project funds, it should take measures such as specifying in the implementation guidelines that a lease period should be designated based on a reasonable period, such as statutory useful life.

(1 case; improper amount: 188.04 million yen)

○ Ministry of Agriculture, Forestry and Fisheries

- Management of leased national agricultural land

The Ministry of Agriculture, Forestry and Fisheries entrusts the management of national agricultural land purchased for creation of landed farmers to the prefectural governors under

the Agricultural Land Act. The prefectural governors lease a part of the entrusted national farmland and collect land use fees. However, although lessees did not pay land use fees for a long time or subleased the leased land in violation of the lease conditions, five prefectural governors failed to cancel the lease contracts through notification of cancellation. Therefore, the Ministry should specify the standards and procedure for cancelling a lease agreement on national property and take measures such as establishing a system for the governors to collect arrears and strictly deal with the violation according to the cancellation standards.

(1 case; improper amount: 329.15 million yen)

○ Ministry of Economy, Trade and Industry

- Delivery of subsidies for support of businesses that promote rational energy use

The Ministry of Economy, Trade and Industry has delivered subsidies to the New Energy and Industrial Technology Development Organization, which has been providing subsidies to companies planning to introduce equipment that is highly energy-saving and excellent in cost-effectiveness. However, regarding a project for promoting taxi companies' introduction of the digital GPS-AVM system, which requires the approval of the Ministry of Land, Infrastructure, Transport and Tourism, the system's effect on their business could not be confirmed because the energy saving rate of the introduced equipment could not be calculated, and the project execution system between the Ministry of Land, Infrastructure, Transport and Tourism and the Organization was not established. Therefore, the Ministry of Economy, Trade and Industry should cooperate with them to take measures such as considering an appropriate method for calculating the energy saving rate and reviewing the project execution system between the Ministry of Land, Infrastructure, Transport and Tourism and the Organization.

(1 case; improper amount: 864.90 million yen)

○ Ministry of Land, Infrastructure, Transport and Tourism

- Management of receivable contributions to repair work that became necessary due to accidents that gave damage to structures attached to roads

Under the Road Act, if a person causes an accident and gives damage to a structure attached to the road, the Ministry of Land, Infrastructure, Transport and Tourism can receive contributions from the person for the whole or a part of the cost of repair work. The Ministry sometimes treated such receivable contributions as unpaid losses because letters of demand were not issued properly, because coercive collection of contributions in arrears were hardly carried out, or because claims were not filed properly in case of bankruptcy. Therefore, the Ministry should take measures such as issuing letters of demand timely and appropriately, establishing a system for coercive collection of contributions in arrears through the preparation of guidelines concerning coercive collection methods and procedures and drawing up concrete guidelines concerning the method to file claims in case of bankruptcy.

1 case; improper amount: 103.98 million yen;  
background amount: 225.99 million yen

(the amount of receivable contributions still not collected as of the end of FY2008)

- Payment of outsourcing fees for railway works necessary for a river improvement project

If a river improvement project requires railway works, the project implementing body outsources the railway works to a railway company and receives a subsidy from the Ministry of Land, Infrastructure, Transport and Tourism. Because it takes a long time to complete such railway works, the project implementing body and the railway company conclude a general agreement that specifies the contents of the railway works, the total project cost, etc. Moreover, each year they conclude a yearly agreement that specifies the contents of the works feasible during the year. Each year the project implementing body pays an outsourcing fee after grasping the last year's results and receives a state subsidy accordingly. If the railway company cannot complete the works to be carried out according to the yearly agreement, modifications may be made in the yearly agreement, such as the extension of the work period to the next year. However, because five project implementing bodies concluded agreements for the next year before the end of the extended work period, the work periods specified in the agreements for both years were overlapped partially, with the result that it became impossible to grasp the results of the works during each of the years accurately. In spite of this, the project implementing bodies paid outsourcing fees to the railway companies on the assumption that the entire works specified in the yearly agreements was completed. Therefore, the Ministry of Land, Infrastructure, Transport and Tourism should thoroughly advise project implementing bodies not to overlap the work periods specified in the yearly agreements for the current and next years and take measures to pay outsourcing fees for the outsourced railway works properly.

1 case; background amount: 3,881.03 million yen

(the amount of state subsidies for outsourcing fees paid for railway work without accurately grasping work results)

- Calculation of administrative expenses for works outsourced in subsidized projects

When subsidized administrative expenses were calculated for works outsourced in subsidized projects, state subsidies were overpaid because administrative expenses for outsourcing were not deducted properly or because administrative expenses for outsourcing to specific companies were not treated as deductible expenses. In addition, deductible administrative expenses for outsourcing were not deducted properly because of inaccurate grasp of details of outsourcing expenses. Therefore, the Ministry of Land, Infrastructure, Transport and Tourism should specify in the subsidy application guidelines that administrative expenses for outsourcing should be deducted regardless of the purpose of the deduction or the type of the contractor and that whether administrative expenses for outsourcing are deductible or not should be judged from the actual contents of the expenses. Moreover, the Ministry should take

measures such as thoroughly instructing project implementing bodies to calculate the amount of deductible administrative expenses for outsourcing properly when filing applications for subsidies.

1 case; improper amount: 89.11 million yen;  
background amount: 4,644.18 million yen

(the amount of state subsidies corresponding to administrative expenses for projects about which outsourcing expenses were not grasped accurately)]

○ Ministry of the Environment

- Regional Environment Offices' use of the electronic bidding system

To improve the people's convenience, the Ministry of the Environment has established an electronic bidding system that makes it possible to invite and open bids electronically. Although the Ministry's head office applied electronic bidding to any procurement whenever possible, some Regional Environment Offices applied it to only a few procurements. Therefore, the Ministry of the Environment should take measures for obtaining the effect of investments in the system, such as specifying in the guidelines that the electronic bidding system should be applied to all procurements whenever possible, and making the system widely known among the Regional Environment Offices. (1 case; improper amount: 27.97 million yen)

○ Ministry of Defense

- Method of outsourcing contract and estimation of contract price

Regarding the Marine Self-Defense Force's contracts for outsourcing supplementary administrative affairs, there were following problems: full efforts were not made to apply general competitive bidding and ensure competitiveness and transparency; contract prices were estimated without full consideration of applying standard materials and actual examples; and actual results of operations were not reflected in the calculation of man-hours. Therefore, to ensure competitiveness and transparency, the Maritime Self-Defense Force should further promote the use of general competitive bidding, paying attention not to make the bidding conditions excessively restrictive. In addition, it should fully consider the application of standard materials and actual examples to make the estimated price economical, and make operational results reflected in the estimation.

1 case; improper amount: 157.40 million yen;  
background amount: 525.13 million yen

(the total price of contracts about which shift from public offering to general competitive bidding was deemed to be appropriate)

○ National Institute of Advanced Industrial Science and Technology

- Electronic application system for deposition of patented microbes

In March 2005, the National Institute of Advanced Industrial Science and Technology began to operate an electronic application system whereby applications for deposition of patented microbes can be filed on the Internet by the use of personal computer. However, although 41,772 applications were filed between March 2005 and the end of March 2009, all the applications were filed in writing, and the system was not used at all. Therefore, the Institute should take such drastic measures as the suspension of the use of the online application system through required procedures. (1 case; improper amount: 87.54 million yen)

**B. Cases under the provisions of Articles 34 and 36 of the Board of Audit Act (4 cases)**

**(a) Cases for which the Board demanded necessary measures for rectification and improvement under the provision of Article 34 of the Board of Audit Act and presented opinions under the provision of Article 36 thereof (1 case)**

○ Ministry of Land, Infrastructure, Transport and Tourism

- Management and use of land acquired to carry out a river improvement project

Although the river authority has acquired land necessary for a river improvement project, works have not begun for a long time in a huge area of sites for the project. Some of the sites not used for the project for five years or longer were used by former landowners without permission or were not used for any public purpose. Therefore, regarding the project sites where works under the river improvement project have still not begun, the Ministry of Land, Infrastructure, Transport and Tourism should instruct the project implementing body to properly manage them, make this widely known, promote the awareness and understanding of the use of the sites and show standards for the use to facilitate the use of the sites until the beginning of the works.

1 case; improper amount: 2,330.22 million yen;  
background amount: 40,953.30 million yen

(total amount of the cost of acquiring the project sites where works have still not begin five or more years after the acquisition and state subsidies for acquisition costs for auxiliary projects)

**(b) Cases for which the Board demanded measures for Rectification and Improvement under the provision of Article 34 of the Board of Audit Act and presented opinions under the provision of Article 36 thereof (2 cases)**

○ Japan Housing Finance Agency

- Loan for barrier-free rental apartment houses

The Japan Housing Finance Agency, an independent administrative agency, loans funds for construction of barrier-free rental apartment houses. However, although the loan was accompanied by the condition that, by the beginning of the advertisements for the rental apartment house, the apartment house should be registered as a rental apartment house into

which elderly persons can smoothly move, the Agency failed to check whether the borrowers satisfied this condition, and the condition was violated frequently. Moreover, the occupation rates of the apartment houses were remarkably low, indicating that the project effect did not emerge sufficiently. Therefore, the Agency should immediately take measures for having borrowers satisfy the condition, such as providing a loan if a borrower makes the registration by the beginning of advertisement. In addition, the Agency should take effective measures for promoting elderly persons' rental of apartments, such as advertising the apartments actively and specifying in advertisements that elderly persons can rent apartments.

1 case; improper amount: 41,785.60 million yen;  
background amount: 44,036.30 million yen

(the amount of loans for barrier-free rental apartment houses in FY2007 and FY2008)

○ Japan Post Service Co., Ltd.

- Proper management of third-class mails

Regarding the improper use of third-class mails discovered in October 2008, the Board demanded twice remedial measures from the ex-Ministry of Posts and Telecommunications, which took remedial measures, such as more detailed inspection of received mails. Regarding the status of implementation of the measures taken as a result of the Board's audit report, however, there were cases where no procedures were carried out to send mailing slips for third-class mails, demand the submission of samples from mailers, or confirm the approval of mailing, and cases where regular inspections were not fully carried out concerning periodicals issued by groups of mentally or physically disabled persons' associations and daily newspapers. Therefore, to operate the internal control fully, Japan Post Service should cooperate with Japan Post Network, to which Japan Post Service has entrusted the receipt of mails, to establish rules on mutual check as to whether these procedures are followed, and to specify procedures necessary for regular inspections.

(1 case; improper amount: 746.44 million yen)

**(c) Cases for which the Board demanded measures for rectification and improvement under the provision of Article 34 of the Board of Audit Act and demanded measures for improvement under the provision of Article 36 thereof (1 case)**

○ Ministry of Land, Infrastructure, Transport and Tourism

- Contract and implementation of survey on hollows under roads

The Ministry of Land, Infrastructure, Transport and Tourism carries out surveys on hollows under roads as a part of the management of national roads. However, in some surveys carried out in FY2008, the Ministry failed to specify goals, request the submission of all data obtained through the primary survey, introduce a contract method incorporating price competition, or promptly hold consultations about contributions from occupying companies (companies that

constructed underground structures) due to an increase in the survey cost within the financial year. Therefore, the Ministry should establish concrete sampling standards to specify goals of survey, have the contractor submit all data obtained through the primary survey as contractual outputs and introduce a contract method incorporating price competition. Moreover, the Ministry should take measures such as instructing the Regional Development Bureaus to hold consultation promptly about additional collection if there is a deficiency in an occupying company's contribution due to an increase in the survey cost.

1 case; improper amount: 10.87 million yen;  
background amount: 656.92 million yen

(the amount paid for contracts for surveys on hollows under roads in FY2008)

**C. Cases under the provision of Article 36 of the Board of Audit Act (47 cases)**

**(a) Cases for which the Board presented its opinions (25 cases)**

○ Cabinet, Cabinet Office (Main Office, Fair Trade Commission, National Police Agency), Ministry of Internal Affairs and Communications, Ministry of Finance, Ministry of Finance (National Tax Agency), Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism

- Status of use of e-application systems

Following the central government's policy for positively promoting administrative informatization, the government offices have established and operated e-application systems. However, the e-application ratios of 12 systems operated by 10 government offices, including the Cabinet Office's Head Office, are less than 10%, which indicates that the effects of the systems are insufficient in comparison with the expenses for the establishment and operation of the systems. This is because the government offices have uniformly made all procedures online in principle, have not fully examined the cost-benefit performance of the systems whose e-application ratio have been low, have not drastically reviewed the systems. In addition, the Cabinet Secretariat has not clarified criteria and procedures for discontinuing systems. Therefore, the Cabinet Secretariat should consult with the government offices to clarify the criteria for taking drastic measures, such as discontinuation of systems, and the procedures for taking the measures. In addition, 10 government offices should take measures based on the cost-benefit analysis, such as discontinuation of systems and replacement of existing systems with simple ones.

11 cases; background amount: 11,875.19 million yen in total  
(expenses between FY2005 and FY2008 for establishing and operating the electronic  
application systems whose effect was not achieved fully)

[This case was reported to the Diet and the Cabinet on October 14, 2009 under the provision of Article 30-2 of the Board of Audit Act]

○ Ministry of Justice

- Revision of the authorization criteria table of taxable standard prices of newly constructed buildings used for the calculation of the amount of registration and license tax necessary for registration of real estate

Regarding the calculation of the amount of registration and license tax imposed on the registration of ownership of real estate, because the standard unit price for authorization was not fixed properly, the prices of newly constructed buildings were sometimes not authorized properly based on the prices of similar buildings registered in the fixed property tax cadaster. Therefore, the Ministry of Justice should instruct each Regional Legal Affairs Bureau to calculate the standard unit price for authorization by the use of the prefectural summary report on estimated construction costs of new buildings, fully taking it into consideration that the value of real estate at the time of registration should be used as the basis for the calculation of the amount of registration and license tax, in order to make the amount of registration and license tax appropriate when the authorization criteria table is revised.

1 case; background amount: 3,863.34 million yen  
(the total estimated amount of registration and license tax expected to be underestimated or overestimated due to a gap between the standard unit price for authorization and the unit price estimated in the summary report concerning the number of newly constructed buildings in FY2006 and 2007)

○ Ministry of Foreign Affairs and Japan International Cooperation Agency

- Emergence of effects of ODA

Regarding ODA projects carried out by the Ministry of Foreign Affairs, the Japan International Cooperation Agency and other aid-providing organizations, the following problems were found: 1) in the development design scheme to promote the cooperation between technical assistance projects and ODA loan projects in the Philippines and other countries (hereinafter referred to as the “Cooperative D/D”), the results of the detailed design were not fully used as bidding documents for later ODA loan projects; 2) water purification and other facilities constructed by grant aid projects in the Philippines were not used; and 3) in an ODA loan project for the Philippines, a repaired railway was not used. Therefore, to achieve the effects of assistance fully, the Ministry and the Agency should cope with the above problems as follows: 1) give full explanation to the project implementing bodies about the purpose of an alternative detailed design to the Cooperative D/D; 2) fully examine the sustainability of such projects as construction of water purification facilities when project plans are formulated; and 3) Regarding such projects as repair of railways, if suggestions are made about the maintenance systems through ex-post monitoring, consult with the project implementing bodies about the maintenance systems, taking the suggestions into consideration.

1 case; background amount consisting of 1,487.41 million yen (grant aid projects), 1,679.63 million yen (technical cooperation) and 5,036.65 million yen (ODA loans)

(total donations, total expenses and total loans related to projects whose effect of assistance was not achieved)

○ Ministry of Finance

- Payment of consumption tax on acquisition of apartment houses

The Consumption Tax Act provides for tax credit for consumption tax on purchase to prevent cumulative taxation. If the amount of tax credit for consumption tax on purchase exceeds the amount of consumption tax, the gap between them is refunded to the proprietor. Usually, this tax credit is not applied to the acquisition of an apartment house because rent revenues are not taxable. However, some proprietors received a full refund of consumption tax by increase the proportion of taxable sales to more than 95% during the period of taxation on acquisition through the installation of automatic vending machines and other means. They evaded adjustment of consumption tax for acquisition of fixed assets, with the result that the amount of consumption tax corresponding to the adjusted amount was not paid to the government. Therefore, the Ministry of Finance should take measures so that, of the amount of consumption tax related to the acquisition of an apartment house, the part corresponding to the rent revenues, which are excluded from taxation, will be paid to the government properly.

(1 case; improper amount: 630.41 million yen)

- Use of surplus related to funds procured through issuance of construction bonds

The Ministry of Finance issues public bonds to procure funds for fulfilling the State's revenue demand. Regarding the funds that are procured for public works or loans through issuance of construction bonds and are put in special accounts from the general account, if some of them become surplus or if there is no plan to use funds collected through redemption as loans, the Ministry of Finance can put such funds in the revenue of the general account as provided in the budget. However, some surplus funds put in special accounts were included in the revenues of the special accounts and were used as funds for consumptive expenditures or public works in following years. Therefore, the Ministry of Finance should pay attention to the use of surplus and devise measures for preventing surplus from being used as funds for consumptive expenditures and making the legal restriction on the issuance of construction bonds useless or from making finance inflexible through the protection of vested interests without being put in the general account.

(the total amount of unused funds raised through construction bonds and repaid loans partly financed by construction bonds)  
1 case; background amount: 78,583.78 million yen

○ Ministry of Agriculture, Forestry and Fisheries

- Effective use of revitalization facilities constructed by the project for comprehensive development of hilly and mountainous areas

The Ministry of Agriculture, Forestry and Fisheries carries out the project for comprehensive development of hilly and mountainous areas to revitalize farming business and villages and promote permanent residence in rural areas. The project consists of the development of agricultural production infrastructures and rural life environments. However, in many of the revitalization facilities constructed by the project, because the actual number of users was lower than the estimated number, the effect of the construction was insufficient. Therefore, the Ministry of Agriculture, Forestry and Fisheries should take measures such as deregulation on the establishment of sales spaces in revitalization facilities, fully taking into consideration various social and economic problems in rural areas, such as a decreasing population and an increasing number of elderly people. Effective use of the existing revitalization facilities will promote the policy of local production for local consumption and increase the number of employment opportunities for local people, with the result that farming businesses and villages will be further revitalized in rural areas. (1 case; improper amount: 6,903.84 million yen)

- Treatment of permission for conversion of farming fields that receive benefits from land improvement projects

The Ministry of Agriculture, Forestry and Fisheries has carried out many land improvement projects as state-managed or state-subsidized projects to construct agricultural drainage facilities. Whether or not farming fields have received benefits from land improvement projects, exceptional permission is granted to conversion of excellent farming fields, for example, if the conversion contributes to an increase in the employment opportunities for farmers. However, some converted fields that received the exceptional permission did not sufficiently contribute to an increase in the employment opportunities for farmers. Therefore, the Ministry should take measures such as establishing a concrete method to examine whether to grant the exceptional permission and notifying the relative departments and prefectures of the method. (1 case; improper amount: 90.69 million yen)

- Implementation of measures for stabilizing income from management of rice and crop fields

To stabilize the management and incomes of producers of rice, wheat and other land crops, the Ministry of Agriculture, Forestry and Fisheries grants subsidies to make up for the disadvantages caused by a gap between the production conditions in Japan and those in foreign countries. However, 18 corporations failed to make such subsidies useful for fostering land crop producers, for example, because some of them did not have an adequate ability to produce wheat, soybeans and other crops. Therefore, the Ministry should make the purpose of the measures for stabilizing income from the management of rice and crop fields widely known among the corporations allowed to participate in the measures and, if some of the corporations do not have an adequate ability to produce wheat, soybeans and other crops, instruct them to establish concrete systems in accordance with the purpose of the measures.

(1 case; improper amount: 725.61 million yen)

○ Ministry of Economy, Trade and Industry

- Guarantee money possessed by Japan External Trade Organization (JETRO)

JETRO, an independent administrative agency, deposits its guarantee money of 20,455.80 million yen in private businesses and uses the revenues from the interest for supporting the content industry's international development. However, because the possessed amount of guarantee money was not proportion to the scale of the project carried out by the use of the revenues from the interest, and because contracts with the same businesses continued for a long time, the project seemed improper in terms of the properness of the possessed assets and the competitiveness and transparency of the project. Therefore, the Ministry of Economy, Trade and Industry should have JETRO review the method whereby the project was carried out with the revenues from the interest on the deposited guarantee money and possess a proper amount of assets, including guarantee money. In addition, the Ministry should take measures for enabling JETRO to return unnecessary assets to the National Treasury.

( 1 case; improper amount: 20,455.80 million yen;  
background amount: 90,403.45 million yen  
(the amount of JETRO's assets at the end of FY2008) )

○ Ministry of Land, Infrastructure, Transport and Tourism

- Allocation of budgets, confirmation of the status of project implementation and adjustment of accounts concerning subsidies for community development

It was found that some projects financed by subsidies for community development had the following problems: Because the Ministry of Land, Infrastructure, Transport and Tourism presented an amount of budget higher than the amount requested by municipalities, there were applications for and awarding of a subsidy whose amount exceeded the annual maximum limit in violation of the subsidy guidelines; Because the construction of facilities that had already been included in a development plan was financed by an additional subsidy according to the revised budget, the effect of the addition was limited; It became impossible to carry out the procedure for checking project implementation, the procedure for settling subsidies and other procedures according to the Act for Normalization of Grants. Therefore, the Ministry of Land, Infrastructure, Transport and Tourism should take measures for timely awarding appropriate amounts of subsidies for community development according to the actual situation as provided by the subsidies guidelines so that the effect of the subsidies will be achieved fully, including the replacement of the existing budget allocation method with a method to allocate the budget with consideration for the amounts requested by municipalities, and the establishment of provisions that enables the above-mentioned procedures even in a year when no subsidy is provided.

( 1 case; background amount: 165,752.39 million yen  
(the amount of subsidies exceeding the annual maximum limit, the amount of subsidies for facilities financed by the revised budget and the amount of subsidies for the year in question in districts where no subsidy is provided in the final year) )

- Estimation of the cost of the later work to be commissioned by free contract after the earlier work contracted through competitive bidding

When the Ministry of Land, Infrastructure, Transport and Tourism or a municipality estimates the cost of the later work to be commissioned by free contract after the earlier work contracted through competitive bidding, it makes the benefits of the competition for the earlier work reflected in the later work by either of the following methods: the successful bidding rate method, whereby the planned cost is multiplied by the successful bidding rate for the earlier work; and the unit price agreement method, whereby the cost of the later work is calculated by the use of the agreed unit prices of the operations carried out in the earlier work. However, some project implementing bodies did not adopt either of the methods, with the result that the successful bidding rate for the later work became higher than that for the earlier work. Therefore, to increase the economic efficiency of the earlier and later works as a whole through competition, the Ministry of Land, Infrastructure, Transport and Tourism should examine methods that can make the benefits of competition reflected in the estimation of the cost of the later work, such as the successful bidding rate method and the unit price agreement method, specify the adopted method and the way of using the method in the estimation standards, and advise the municipalities implementing state-subsidized projects to adopt and use an method that can promote the reflection of the benefits of competition, such as the successful bidding rate method or the unit price agreement method.

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1 case; background amount: 238,860.73 million yen  
(the cost of the later work in which benefits of competition for the earlier work  
were not reflected)
}

- Scale of financial aid for land acquisition and assignment by the Organization for Promoting Urban Development

Regarding the central government's provision of interest-free loans and subsidies to the Organization for Promoting Urban Development's acquisition and assignment of land, although the amount of interest-free loans was likely to become too large due to a year-by-year decrease in the scale of the transactions, the Organization did not establish how to repay the loans, had kept reserves and funds the total amount of which exceeds the expected amount of expenditures for the financial aid, and did not clarify how to deal with the remaining amount of revenues from the transactions. Therefore, to promote the Organization's effective use of financial funds, the Ministry of Land, Infrastructure, Transport and Tourism should enact an ordinance that enables interest-free loans to be repaid to the central government at any time and should examine the required amount of the Organization's administrative and other expenses and have the Organization repay unnecessary loans to the central government. The Ministry should also have the Organization repay subsidies equivalent to the amount of funds that become unnecessary as a result of the use of reserves. Regarding the remaining amount of revenues from the management of interest-free loans and funds, the Ministry should specify how to treat it and clarify that it should be paid to the National Treasury when the transactions

are discontinued.

1 case; background amount: 125,941.30 million yen  
(interest-free loans, state-subsidies, etc. for land acquisition and assignment)

○ Narita International Airport Corporation

- Subsidiaries' implementation of contract procedures

The Narita International Airport Corporation has established the rules on the management of consolidated subsidiaries to respect the subsidiaries' independence in management and to promote close cooperation in increasing the profits of the group that consists of the Corporation and its subsidiaries. To ensure the fairness and transparency of contracts, the Corporation has specified basic matters concerning contracts in its procurement procedures. When the Corporation outsources an operation to a private company, the Corporation should apply competitive bidding in principle. However, when a subsidiary outsources an operation to a private company, because there is no special instruction from the Corporation concerning the contract method, the subsidiary can select a contract method at its discretion. As a result, some subsidiaries outsourced their operations by free contract, even though the subsidiaries could have outsourced general operations by competitive bidding if they had established operation manuals. To cope with this problem, the Corporation should have its subsidiaries introduce a competitive contract method so that the Corporation and its subsidiaries can enjoy the benefits of competition more. (1 case; improper amount: 3,549.28 million yen)

- Calculation of the recoverable value in impairment accounting

In the business year of 2004, the Narita International Airport Corporation carried out evaluation on its assets according to the impairment standards concerning its alternative sites whose current values dropped considerably. The impairment standards provide that the recoverable value of a site should be calculated based on the appraised value unless the site is unimportant. However, while the Corporation applied the appraised values to five alternative sites in urban areas because the Corporation judged that the possibility of selling the sites was high, the Corporation calculated the recoverable values of the other 12 sites not located in urban areas by applying the evaluated values for fixed asset tax instead of the appraised values, judging that the sites were unimportant despite of their high book values. Because this is not in accordance with the purpose of the impairment standards, the Corporation should calculate the recoverable values of the sites.

1 case; background amount: 6,893.85 million yen  
(the amount of impairment losses in the Narita International Airport Corporation's settlement  
of accounts for the business year of 2004)

○ Japan Aerospace Exploration Agency

- Development of GX rocket and LNG engine

When the Japan Aerospace Exploration Agency (JAXA), an independent administrative agency, developed the LNG engine used for the second part of the GX rocket, JAXA did not clearly share roles for the development of GX rocket and did not clearly establish the procedures for reporting the status of development of the LNG engine to the Strategic Headquarters for Space Development timely. Therefore, JAXA should clarify its role by fully understanding the sharing of roles between the public and private sectors in the development of the GX rocket and specify the procedures for timely and appropriately giving the Headquarters reports on the status of development of the LNG engine and the estimated time of completion.

1 case; background amount: 12,348.77 million yen  
 (the total cost of developing the LNG engine between FY2003 and FY2008)

**(b) Cases for which the Board demanded measures**

**(22cases)**

○ Ministry of Finance

- Payment procedures of tax refunds

The National Tax Agency provides that when the director of a district tax office refunds national tax, the director should also pay interest on the tax, which should be calculated by multiplying the amount of the tax refund by a certain rate according to the number of days between the day following a designated day and the day determined for payment of tax refund. Interest on tax refund becomes larger as the amount of tax refund is higher and as the number of days necessary for payment procedures is larger. District tax offices spent a lot of time to carry out payment procedures partly because they did not distinguish returns for tax refund submitted by listed companies whose tax refund was high and exporters' returns for tax refund concerning consumption tax from other returns for tax refund. As a result, the district tax offices paid huge amount of interest on tax refund. Therefore, the National Tax Office should take measures such as providing adequate guidance and supervision to the Regional Taxation Bureaus and the district tax offices so that returns for large tax refunds will be discriminated from the other tax refunds, and payment affairs concerning returns for large tax refunds will be completed earlier.

(1 case; improper amount: 2,789.42 million yen)

[This case was reported to the Diet and the Cabinet on September 18, 2009 under the provision of Article 30-2 of the Board of Audit Act]

○ Ministry of Agriculture, Forestry and Fisheries

- Treatment of profits from the management of land improvement facilities maintenance optimization funds by the National Federation of Land Improvement Associations

The Ministry of Agriculture, Forestry and Fisheries has been carrying out the land improvement facilities maintenance optimization project to increase the managers' awareness

of management of land improvement facilities and to contribute to the maintenance of the functions of land improvement facilities and ensure the useful life of them. In the project, the Ministry provides state-subsidies to the National Federation of Land Improvement Associations so that the Federation can create land improvement facilities maintenance optimization funds. However, although every year the Federation used profits from the funds for making up for a lack of administrative expenses, the remaining profits after the make-up was managed separately and the Ministry did not have the Federation submit reports on the status of management of the remaining profits. Therefore, the Ministry should take measures such as establishing concrete rules about how to treat profits from the management of the funds and notifying the Federation of the rules. For example, it should be provided in the rules that the Federation should submit reports the profits from the management of the funds and the purpose of use of profits and pay the National Treasury the amount equivalent to the portion of the remaining profits related to state-subsidies. (1 case; improper amount: 17.01 million yen)

- Effective use of funds accumulated in measures for farmland, water and environmental conservation

To contribute to regional development through the conservation and qualitative improvement of farmland, water and the environment, The Ministry of Agriculture, Forestry and Fisheries has been carrying out the farmland, water and environment conservation improvement measures, which comprehensively support communities' highly effective joint activities and farmers' advanced farming activities. To promote the measures, the Ministry has given state-subsidy to regional councils to create funds. However, every year a large amount of unused funds remained in some regional councils and the remaining amount greatly increased between the end of FY2007 and the end of FY2008. Therefore, the Ministry should take measures for effective use of funds, such as immediately determining how to treat a large amount of funds remaining at the end of a fiscal year and regional councils' returning a part of the amount to the National Treasury. (1 case; improper amount: 10,593.66 million yen)

- Effective use of profits from management of state-subsidized funds for making up for difference

To prevent loss from occurring in the special account for stable supply of food when government-possessed rice and other crops that belong to the special account are returned in money from recipient countries to which rice and other crops was lent as emergency food aid, the Ministry of Agriculture, Forestry and Fisheries has been carrying out the project for creating funds for making up for difference to offset possible loss within the period of lending. However, although the implementation guidelines provided that, after profits from the management of the funds that the Japan Association for International Collaboration of Agriculture and Forestry created by the used of state subsidies were appropriated to the management and administrative expenses, the remaining profits should be returned to the National Treasury when the project ends, the guidelines had no provision as to how to treat the

remaining amount until the end of the project, with the result that a large amount of profits remained in the Association without being used effectively. Therefore, the Ministry should take measures for effective use of remaining profits, such as revision of the implementation guidelines and establishment of a provision that remaining profits should be returned to the National Treasury in principle. (1 case; improper amount: 2,752.48 million yen)

- Effective use of the remainder of funds created with subsidy for structural reform of paddy-field farming

As one of the measures for structural reform of paddy-field farming, the Ministry of Agriculture, Forestry and Fisheries provides subsidy to the Prefectural Paddy-Field Farming Promotion Councils (hereinafter referred to as the “Prefectural Councils”) to have them create funds. Using the funds, each of the Prefectural Councils grants subsidies to the Regional Paddy-Field Farming Promotion Councils, which then give subsidies to farmers who adjust rice production. However, regarding the funds created by 46 Prefectural Councils, the Ministry has not effectively used remaining unsubsidized funds of 5,236.16 million yen in total, having the Prefectural Councils keep them. Therefore, the Ministry should take measures for effective use of remaining funds, such as revising the implementation guidelines to provide that if some of the funds created from state subsidies remain unused, they should be returned to the National Treasury in principle. (1 case; improper amount: 5,236.16 million yen)

- Effective use of profits from management of state-subsidized funds for fruits measures

As one of the fruit cultivation measures, the Ministry of Agriculture, Forestry and Fisheries grants state-subsidies to the Central Association of Stability Funds for Production and Shipment of Fruits to have the Association create funds for fruits measures. The Association uses the funds to grant subsidies to prefectural corporations, which then grant subsidies to farmers who produce fruits according to plan. However, regarding the reserves that the Association accumulated from the profits gained through the management of the funds for fruits measures, the Ministry has not effectively used them, having the Association keep them. In addition, the Association did not grasp the amount of profits from the accumulated reserves and the purpose of use of them. Therefore, the Ministry should take measures for effective use of accumulated reserves, such as revision of the implementation guidelines and establishment of a provision that accumulated reserves should be returned to the National Treasury in principle. (1 case; improper amount: 7,765.56 million yen)

- Nature of the project for farming emigration and exchange with farming emigrants, and effective use of profits from fund management

The Ministry of Agriculture, Forestry and Fisheries has been carrying out the project for farming emigration and exchange with farming emigrants in order to smoothly raise funds necessary for the stabilization of emigrants’ farming business. In the project, the Ministry has

the Central Association of Agricultural Development Funds gives debt guarantee when persons who intend to give financial support such as debt guarantee to emigrant farmers borrow funds from financial institutions. The Association creates funds from state subsidies. Recently, however, the Association did not give debt guarantee and the balance of guaranteed debts greatly decreased, with the result that the size of the Association's funds became too large in comparison with the demand for guarantee. Therefore, the Ministry should take measures for effective use of the funds, such as immediately grasping the situation of the Association's operations, fully considering what the project for farming emigration and exchange with farming emigrants should be in the future, including after the end of the project, and having the Association return the created funds to the National Treasury.

(1 case; improper amount: 613.83 million yen)

- Effective use of funds for the green employment project

To develop forestry Labour force and revitalize rural areas, the Forestry Agency has been carrying out the vocational "Green Employment." The project is financed by funds that the National Federation of Forest Owners' Co-operative Association created with the Agency's state subsidy. However, a large amount of funds remained unused every year and the accumulated funds were not used effectively. It is expected that the balance of funds will become huge when the project ends at the end of FY2010. Therefore, to prevent the balance of funds from becoming huge at the end of FY2010, the Agency should take measures to use the funds effectively for the project in FY2010, accurately grasping the balance of funds at the end of FY2009 and the estimated amount of funds to be used in FY2010.

(1 case; improper amount: 8,199.26 million yen)

- Effective use of funds created by the project for creation of funds for stabilization of supply and demand of seedlings

The Forestry Agency has carried out the project for creation of funds for stabilization of supply and demand of seedlings to produce forestry seedlings according to plan, smoothly adjust production and thereby contribute to the promotion of planned afforestation. For the purpose of the project, the Forestry Agency had the Prefectural Forestry Seedling Production Cooperatives create funds by the use of state subsidies. Recently, however, the amount of adjustment grants that the Cooperatives gave to producers who disposed of seedlings due to shipment adjustment remained low and the financial funds accumulated without achieving any effect for a long time. Therefore, the Forestry Agency should take measures for effective use of the funds. For example, the Forestry Agency should establish standards for examining what the funds should be and show the standards to the prefectures and the Cooperatives in order to have them examine the appropriateness of the continuation of the project and the necessity of returning the created funds to the National Treasury. In addition, the Forestry Agency should endeavor to grasp the status of implementation of the project and give accurate guidance according to the status.

(1 case; improper amount: 176.40 million yen)

- Registration of national assets related to government-operated land improvement projects

The Ministry of Agriculture, Forestry and Fisheries delegates the management of its national assets to the Directors-General of the Regional Agricultural Administration Offices. However, because the obligation to apply for registration of indications is not applied to government-owned buildings, many Government-Operated Land Improvement Offices in the jurisdiction of Regional Agricultural Administration Offices have not made the registration without fully examining the necessity of setting up countermeasures against third parties for the protection of assets. Therefore, the Ministry should clarify in what case registration should be delegated concerning buildings newly constructed in leased land, and let this known to the Directors of the Government-Operated Land Improvement Offices to have them make registration.

(1 case; improper amount: 857.79 million yen)

- Registration of national assets belonging to the national forest service special accounts

Regarding the national assets belonging to the national forest service special account, the Forestry Agency has delegated the management of them to the Directors-General of the Regional Forest Offices. However, because the obligation to apply for registration of indications is not applied to government-owned buildings, many District Forest Offices in the jurisdiction of Regional Forest Offices did not make the registration without fully examining the necessity of setting up countermeasures against third parties for the protection of assets. Therefore, the Forestry Agency should clarify in what case registration should be delegated concerning buildings newly constructed in leased land, and let this known to the Directors of the District Forest Offices to have them make registration.

(1 case; improper amount: 1,204.79 million yen)

○ Ministry of Economy, Trade and Industry

- Use of special funds for financial stabilization of small and midsize companies

The special funds for financial stabilization of small and midsize companies were created in 52 credit guarantee corporations in Japan to compensate for damages caused by special guarantees provided from FY1998 to FY2000. According to trial calculation based on the outstanding debts related to special guarantees at the end of FY2007, 31 credit guarantee corporations were expected to continue to have fund of 39,130.05 million yen without using them. In addition, after the emergency guarantee system had been created in October 2008, because special guarantees were replaced with emergency guarantees, the special funds became more useless. Under the existing system, however, the special funds can be used only for compensating for losses related to the income and expenditure accounts of special guarantees, but cannot be used for dealing with losses related to emergency guarantees. Therefore, the Ministry of Economy, Trade and Industry should promote the effective use of the special funds by revising the existing system, which limits the use of the funds to the compensation for losses related to special guarantees, so that the special funds can be used

also for the compensation for losses related to emergency guarantees.

(1 case; improper amount: 39,130.05 million yen)

[This case was reported to the Diet and the Cabinet on September 18, 2009 under the provision of Article 30-2 of the Board of Audit Act]

○ Ministry of Defense

- Payment of compensation for losses to toll roads

The Status of Forces Agreement provides that no road toll is imposed when US forces stationed in Japan move by military vehicles. Therefore, the Ministry of Defense compensates toll road companies for US forces' use of the toll roads. However, there were cases where the Ministry of Defense paid compensation without checking that US forces used toll roads for "public purposes." For example, there were cases where pass certificates US forces showed when using toll roads did not indicate the signature of the person responsible for the issuance or such required items as official position, and cases where although US force members drove rental cars on holidays, pass certificates were not checked or inquiries about facts were not addressed to US forces. Therefore, the Ministry of Defense should establish a system for checking that US forces use pass certificates for "public purposes."

( 1 case; background amount: 441.71 million yen )  
(the amount of compensation for losses to toll roads caused by ordinary cars)

- Inspection and correction of defects in procured equipment

When a unit of the Japan Air Self-Defense Force discovers a defect in its equipment, the unit sends a notification to the supply depot, which examines the notification and, if necessary, inspect whether the stock of the item has the same defect. However, when several defects were reported during the period of warranty against defects, such inspection of defect was not carried out accurately, with the result that the defects were discovered after the period of warranty against defects and it became impossible to correct the defects on the warranty. Therefore, the Japan Air Self-Defense Force should establish concrete standards so that, when some defects of the same kind are reported, priority can be given to the inspection of defects in a stock of the same item within the period of warranty against defects. The Japan Air Self-Defense Force should also establish a system for mutual cooperation with units that have inspection tools so that inspection of defects can be carried out accurately.

(1 case; improper amount: 136.88 million yen)

○ East Nippon Expressway Company Limited, Central Nippon Expressway Company Limited, West Nippon Expressway Company Limited

- Inspection of road structures and registration of inspection results

The three expressway companies inspect road structures according to the common maintenance and inspection guidelines and operate their inspection data management system into which all data about the processes from inspection to repair are registered without fail. However, some data about detailed inspection, safety inspection or simple check were not registered. Therefore, the three expressway companies should instruct the branch offices to register inspection results according to the maintenance and inspection guidelines without fail, clearly instruct them what should be registered in the inspection data management system, and specify in the guidelines what degree of damage to a road structure requires simple check and how to inspect road structures.

3 cases; background amount: 4,578.68 million yen (East Nippon Expressway),  
 3,494.14 million yen (Central Nippon Expressway),  
 5,824.88 million yen (West Nippon Expressway),  
 13,897.71 million yen in total  
 (the amount of expenses for detailed inspection, daily inspection and registration of  
 results among the amount of road structure inspection contracts)

○ National Livestock Breeding Center

- Onerous lending of bulls for semen collection

The National Livestock Breeding Center, an independent administrative agency, raises bulls for semen collection at its own expense and lends them to the Livestock Improvement Association of Japan free of charge. On the other hand, the Association gains a lot of revenue from the production and sale of frozen semen of the bulls borrowed from the Center. However, it is not proper that although there are other borrowers of bulls for semen collection, the Center lends bulls only to the Association but does not receive consideration for the lending. Therefore, the Center should receive consideration according to the amount of revenue from the sale of the frozen semen produced from the bulls lent by the Center and take measures to ensure competitiveness and increase revenue, such as holding competitive bidding to choose borrowers from among associations that sell frozen semen all over Japan.

1 case; background amount: 3,375.79 million yen  
 (total revenues from sales of semen from lent bulls between FY2003 and FY2007)

[This case was reported to the Diet and the Cabinet on October 14, 2009 under the provision of Article 30-2 of the Board of Audit Act]

○ National Consumer Affairs Center, Japan Science and Technology Agency, Urban Renaissance Agency

- Payment of cash to employees as meal allowance

The three independent administrative agencies pay cash to their employees in the name of meal allowance in addition to basic salaries and other various allowances. As of September

2008, however, many other independent administrative agencies already discontinued payment of meal allowance in cash before or after they were reorganized into independent administrative agencies. From this viewpoint, it is improper for the three agencies to continue the payment of cash as meal allowance without fully reviewing it. Therefore, they should abolish their rules about the meal allowance after full consideration as to whether the payment is suitable for the general social situation, taking into account the purpose of the provisions of the Act on General Rules for Independent Administrative Agency.

( 3 cases; improper amount: 49.47 million yen (National Consumer Affairs Center),  
 11.21 million yen (Japan Science and Technology Agency),  
 137.20 million yen (Urban Renaissance Agency) )

[This case was reported to the Diet and the Cabinet on December 17, 2008 under the provision of Article 30-2 of the Board of Audit Act]

- Japan Student Services Organization

Grasp of debtors' addresses necessary for collection of installments and guidance on postponement of repayment deadline in a school fund loan project

The Japan Student Services Organization, an independent administrative agency, lends money to excellent students who have difficulty in studying due to economic reasons. However, because the Organization did not know the addresses of some borrowers, it could not collect installments in arrears or give adequate guidance on the application for postponement of repayment deadline to borrowers whose request for the postponement would be accepted if they applied for the postponement. Therefore, the Organization should establish systems for investigating borrowers' addresses and situations if so required and grasping borrowers whose request for postponement of repayment deadline will be approved if they apply for the postponement.

( 1 case; improper amount: 13,282.82 million yen;  
 background amount: 225,254.66 million yen  
 (the amount of loans in arrears of three or more months) )

### (3) Measures Taken

**(46 cases in total)**

- Ministry of Justice

- Prison guards' trips for research of construction

Regarding prison guards' trips for research or study of construction, because the purpose of "research or study of construction" was not established clearly or concretely, trip plans were not formulated appropriately, trip reports were not prepared or preserved properly, or the contents of preserved reports were inadequate. As a result, expenses for the trips were not used according to the purpose.

(1 case; improper amount: 108.59 million yen)

- Contract to input drawings

Contracts were concluded to outsource the inputting of registry offices' various paper drawings into the geographical information system. Because the number of pages of inputted drawings was often less than planned, and the contracts had no provision about modification of the contract price in such a case, contract prices were overpaid.

(1 case; improper amount: 28.63 million yen)

- Ministry of Foreign Affairs

- Repayment of aid money for construction of Japanese school buildings

Because Japanese school buildings constructed with the aid of the Japanese Government were sold earlier, the purpose of the aid was not achieved sufficiently. Because there was no provision when the buildings were sold, repayment of the amount of aid money equivalent to the residual value could not be demanded. (1 case; improper amount: 544.02 million yen)

- Air fares provided for health control leave

When air fares were provided for health control leave, because air fares and routes were not reexamined sufficiently, the ceiling was set at the amount of air fare whose discount rate was low, with the result that travel expenses for health control were uneconomical.

(1 case, improper amount: 31.98 million yen)

- Ministry of Finance

- Imposition of consumption tax on transfer of business buildings

To impose consumption tax on transfer of a business building, the Tax Office's Property Taxation Group should send to the Individual Taxation Group a copy of the detailed statement of transfer income, which describes that the business building has been transferred. Because this procedure was not carried out, no consumption tax was imposed on 18 taxpayers.

(1 case; improper amount: 104.17 million yen)

- Accounting of budget execution for various allowances to employees

When a Local Finance Bureaus executed the budget, the Bureaus carried out improper accounting transactions in light of the purpose of the disbursement system. When the Bureaus grasped a shortage of reserves for the disbursement plan, it failed to designate the time and method for demand for addition. As a result, a shortage arose in the reserves for legitimate items, such as various allowances to officials. To cope with this problem, the Bureau made disbursement from other items for which reserves were ample and, after the demanded addition, correction was made between the other items and the legitimate items.

(1 case; improper amount: 122.98 million yen)

- Estimation of cost of periodically maintaining and inspecting wharf monitoring camera systems

Because the Ministry of Finance did not prepare standards for estimating the cost of periodically maintaining and inspecting wharf monitoring camera systems, the Labour unit price for the estimation of the cost was too high in light of the details of the operations written in the specifications and the actual conditions of the operations, with the result that the cost was overestimated. (1 case; improper amount: 81.70 million yen)

- Revision of prices registered in the National Property Ledger concerning land received as tax payment in kind

Regarding revision of prices registered in the National Property Ledger concerning land received as tax payment in kind, because guidance to the Local Finance Bureaus and other bureaus in charge was inadequate, and because prices were revised automatically concerning land lots on loan, whose prices should be revised separately, registered prices was too high. As a result, subsidies were improperly issued to the municipalities in which the national assets to be assessed based on the registered prices were located.

(1 case; improper amount: 1,255.79 million yen)

○ Ministry of Health, Labour and Welfare

- Adjustment of the number of general insured persons for retroactive application to retired insured persons during the estimation of subsidies for financial adjustment

Regarding the provision of subsidies for financial adjustment for national health insurance, because a concrete adjustment method for deducting the number of retired persons who retroactively became insured persons was not expressly notified, municipalities as insurers failed to deduct the number of them from the number of general insured persons, with the result that the subsidies were overestimated. (1 case; improper amount: 2,862.94 million yen)

[This case was reported to the Diet and the Cabinet on September 18, 2009 under the provision of Article 30-2 of the Board of Audit Act]

○ Ministry of Economy, Trade and Industry

- Scope of subsidies for gas engine hot-water supply systems

When the Agency for Natural Resources and Energy carried out a project for subsidizing gas engine hot-water supply systems, because the Agency did not fully grasp purchase prices for gas engine hot-water supply systems and approved the declared range of subsidized systems as it was, there were cases where a subsidy was issued even when the amount of the subsidy exceeded the difference between the purchase price of the new system and the standard price established based on the purchase prices of the former systems. In this way, the support for the

introduction of equipment was not carried out efficiently according to the purpose of the support project. (1 case; improper amount: 117.81 million yen)

- Subsidized projects for improvement of areas where power stations are located

Subsidy for improvement of areas where power station are located were not provided properly because it was not specified that no subsidy should be provided not only if the central government itself carries out a project for which the ratio of the central government's contribution or subsidy is designated by law or ordinance but also if the central government pays contribution to a project. (1 case; improper amount: 407.65 million yen)

○ Ministry of Land, Infrastructure, Transport and Tourism

- Observation system by the use of the Automated Meteorological Data Acquisition System

Regarding the management of the Automated Meteorological Data Acquisition System, because the wireless precipitation stations, which send data by radio and observe precipitation only, did not carry out observations throughout a year, and because the accuracy of analyzed precipitation increased as a result of progress in observation technologies, the necessity of maintaining the wire precipitation stations became low, and there would have been no problem if the stations had been abolished in principle. However, because they were not abolished immediately, the observation system was inefficient.

(1 case; improper amount: 23.88 million yen)

- Charges for calls from fixed-line telephones used by the Ministry of Land, Infrastructure, Transport and Tourism

When a call is made from a fixed-line phone to a mobile phone, it is possible to reduce the call charge by an economical charge plan, such as a plan where the identification number determined by each fixed-line telephone company is attached before the mobile telephone number. Because the Ministry did not know this well, it paid comparatively high charges without using this charge plan. (1 case; improper amount: 12.62 million yen)

- Use of recycled macadam for road improvement work

Regarding road improvement work, because the purpose of the rules for using recycled materials in principle was not disseminated fully, positive use of recycled macadam was not fully considered. As a result, new macadam was used and the design was not environment-friendly or economical. (1 case; improper amount: 99.60 million yen)

- Calculation of the central government's share of expenses for entrusted inspection of luggage

When calculation was made of the central government's share of expenses for luggage

inspection entrusted from airline companies to a security company, although inspection should have begun after the opening time of the check-in counter, inspection began after the opening time of the airport building due to the Ministry of Land, Infrastructure, Transport and Tourism's unclear standards. As a result, the time of inspection not covered by the sharing of expenses was included and the central government's share became excessive.

(1 case; improper amount: 21.50 million yen)

○ Ministry of Defense

- Cyclic inspection of light armored vehicles deployed by the Ground Self-Defense Force

Regarding a technical assistance service contract on cyclic inspection of light armored vehicles, because whether all the light armored vehicles should be inspected every year was not fully considered, and because the possibility of reducing the number of inspection items was not fully examined by comparison with the Ground Self-Defense Force's preventive maintenance, the number of vehicles to be inspected and the number of inspection items was excessive, with the result that the contract price was comparatively high.

(1 case; improper amount: 13.00 million yen)

- External procurement of parts under a service contract on periodical repair of airplane bodies and engines

When parts were procured externally under a service contract on periodical repair of airplane bodies and engines, although the Aerial Supply Depot of Marine Self-Defense Force could have purchased parts from trading companies and supplied them to the repairing company by the deadline for supply, due to inadequate examination of the deadline the contract provided that parts should be purchased by the repairing company, with the result that the procurement was uneconomical.

(1 case; improper amount: 10.70 million yen)

- Ground Self-Defense Force's provision of rapid-response reserve allowance

Regarding the Ground Self-Defense Force's training of its rapid-response reserves, because orders to call them for training were not issued according to the provision that the rapid-response reserves should have training for 30 days a year to keep their level of skill, the number of days of training was short. In spite of this, the rapid-response reserve allowance was provided to them.

(1 case; improper amount: 43.92 million yen)

- Reuse of goods expected to become usable after repair

When the Air Self-Defense Force's Second Supply Depot examined the modification of the restorability classification of goods expected to become usable after repair, although it reserved decisions on disposal of some goods, the reservation was not observed thoroughly, with the result that some bases disposed of them as unnecessary goods.

(1 case; improper amount: 31.98 million yen)

- East Nippon Expressway Company Limited, Central Nippon Expressway Company Limited, West Nippon Expressway Company Limited

- Recorders for axle load scales installed on expressways

All the recorders for the axle load scales installed by the East Nippon Expressway and the Central Nippon Expressway and some of the recorders for the axle load scales installed by the West Nippon Expressway did not add up daily data at all. Although the data could be used as reference for grasping the actual situation of vehicles whose axle load was too heavy and for drawing up a regulation plan, they were not utilized in this way.

{	3 cases; improper amount: 99.17 million yen (East Nippon Expressway),
	81.27 million yen (Central Nippon Expressway),
	32.77 million yen (West Nippon Expressway),
	213.21 million yen in total

- National Institute of Information and Communications Technology

- Payment of meal and other expenses as part of travel expenses

Regarding meal and other expenses paid to officials as part of travel expenses, although almost a half of business trips started or ended within daily working hours, because the actual situation of such business trips was not grasped fully and the reflection of the actual situation in the rules on travel expenses was not examined fully, the rules became unreasonable that they provided that a fixed amount of travel expenses, including expenses for breakfast and supper, should be paid uniformly.

{	1 case; background amount: 32.07 million yen
	(the amount of expenses paid for the breakfast on the day of departure and the supper on
	the day of return)

- Forestry and Forest Products Research Institute

- Payment of daily travel expenses for a day's business trip by use of an official car

Whenever a daily travel expense was paid for a day business trip by the use of an official car, although a half of the daily travel expense was accounted for a transportation expense, not a half of it but only 70 yen was deducted from the travel expense as a transportation expense, with the result that travel expenses was uneconomical.

(1 case; improper amount: 6.68 million yen)

- Nippon Export and Investment Insurance

- Receipt of charges from the central government for the use of the Export Insurance Information System

Regarding the receipt of charges from the central government for the use of the Fourth Export Insurance Information System, because the contract on the use of the system was concluded as a fixed price contract with no provision for adjustment of charges, no charges were adjusted according to the actual expenses, and some of the expenses were not received.

(1 case; improper amount: 104.15 million yen)

○ Japan Mint

- Estimation of the price of a security service contract

When Japan Mint estimated the price of a security service contract, although the unit price of guard based on the market price was entered in its standards for preparing a detailed statement of the estimated price, how to establish the standards was not considered fully. For example, the standards did not show the overhead cost rate for the use of the unit price. As a result, Japan Mint did not use the unit price for the estimation of the contract price, and the estimated price was excessive.

(1 case; improper amount: 25.50 million yen)

○ National Printing Bureau

- Disposal of the Kugayama Sports Ground managed as welfare facilities

Although the Kugayama Sports Ground, which was regarded as unnecessary property, was expected to continue to need a large amount of maintenance expenses, the National Printing Bureau failed to proceed positively with consultations about appropriate disposal, such as assignment to Suginami City, and did not prepare a disposal plan to return it to the National Treasury. In this way, the Bureau did not fully consider how to treat the Kugayama Sports Ground.

(1 case; improper amount: 3,771.86 million yen)

○ Agriculture and Livestock Industries Corporation, New Energy and Industrial Technology Development Organization, Japan External Trade Organization, Japan Oil, Gas, and Metals National Corporation, Organization for Small and Medium Enterprises and Regional Innovation

- Payment of cash to officials as meal allowance

Most of the independent administrative agencies discontinued to provide meal allowance in cash before or after they were independent from the government. The five agencies improperly paid meal allowance in cash without fully examining whether the payment was suitable for the general social situation according to the purpose of the provisions of the Act on General Rules for Independent Administrative Agency.

5 cases; improper amount:  
59.74 million yen (Agriculture and Livestock Industries Corporation),  
298.39 million yen (New Energy and Industrial Technology Development Organization),

325.07 million yen (Japan External Trade Organization),  
136.64 million yen (Japan Oil, Gas, and Metals National Corporation),  
279.82 million yen (Organization for Small and Medium Enterprises and Regional  
Innovation)

[This case was reported to the Diet and the Cabinet on December 17, 2008 under the provision of Article 30-2 of the Board of Audit Act]

○ Japan International Cooperation Agency

- Purchase of airline tickets for the contractor's overseas trips

Regarding a contract on a development survey for technical assistance, because the contract did not provide that air tickets should be purchased at inexpensive prices, the other party purchased expensive tickets, with the result that the contract cost was uneconomical.

(1 case; improper amount: 732.50 million yen)

- Domestic airline tickets purchased for acceptance of trainees under a contract to outsource supervision of training

Because a contract to outsource supervision of training did not provide that airline tickets should be purchased at reasonable prices, for example, by purchasing tickets sold in advance, the other party purchased domestic airline tickets for trainees at ordinary fares or discount round-trip fares, with the result that the outsourcing expenses was uneconomical.

(1 case; improper amount: 69.66 million yen)

○ Japan Foundation

- Use of films purchased for the purpose of promoting cultural exchanges

Regarding films purchased for the purpose of promoting cultural exchanges, because foreign diplomatic missions' requests and situations were not reflected in the selection of films, or because any concrete plan to show films that were unused and could be shown many times was not positively proposed to foreign diplomatic missions, films were not so much used and fees for film rights was uneconomical. In addition, because results of use were not examined adequately, contracts were renewed for many films that had never been shown under the initial contracts.

(1 case; improper amount: 82.32 million yen)

○ Japan Railway Construction, Transport and Technology Agency

- Calculation of charges for the use of apartments for singles

When the Agency calculated charges for the use of apartments for singles, the Agency did not review the rules on the charges, not knowing that the equipment for the apartments had been

improved. Because water supply and drainage systems were installed in each ~~house~~ apartment, the apartments for singles became almost the same as the apartments for families in terms of equipment. In spite of this, the charges for the apartments for singles were reduced uniformly.

(1 case; improper amount: 56.71 million yen)

- Estimation of the cost of waterproofing the bridge surface during the construction of the upper part of a bridge

Regarding the estimation of the cost of waterproofing the bridge surface during the construction of the upper part of a bridge, because prices in published price materials were different from market prices, the cost of waterproofing the bridge surface was overestimated.

(1 case; improper amount: 36.90 million yen)

- Cost of outsourcing the supervision of the removal and relocation of railroad facilities

When the supervision of the removal and relocation of railroad facilities was outsourced, because the cost was estimated without appropriately selecting the types of jobs for the engineers engaged in the operations according to the contents of the operations, the outsourcing cost was overestimated.

(1 case; improper amount: 33.90 million yen)

○ Japan Water Agency

- Calculation of charges for the use of housing for singles

When the Agency calculated charges for the use of apartments for singles, the Agency did not review the rules on the charges, not knowing that the equipment for the apartments had been improved. Because water supply and drainage systems were installed in each apartment, the apartments for singles became almost the same as the apartments for families in terms of equipment. In spite of this, the charges for the apartments for singles were reduced uniformly.

(1 case; improper amount: 34.05 million yen)

○ Japan Oil, Gas, and Metals National Corporation

- Payment of rents for rental apartments

Regarding rental lodgings whose occupation rate is low, because the Japan Oil, Gas, and Metals National Corporation did not fully understand that it was paying rents for vacant rooms, it continued to renew the contract to rent the whole building of apartments. As a result, the payment of rents was uneconomical.

(1 case; improper amount: 32.69 million yen)

○ Japan Broadcasting Corporation

- Contract procedures for procurement of computer services

Regarding the procurement of computer services, because Japan Broadcasting Corporation did not fully understand the scope of the specific procurement rules and misunderstood that the procurement was not specific procurement, contract procedures were not carried out properly and transparency, fairness and competitiveness were not ensured.

(1 case; improper amount: 8,848.25 million yen)

○ Metropolitan Expressway Company Limited, Hanshin Expressway Company Limited

- Reduction of the overhead cost rate for civil engineering works maintenance and repair projects

Because the actual quantity of each type of work in civil engineering works maintenance and repair projects greatly exceeded the estimated quantity, with the result that the total amount of payment greatly exceeded the estimated amount. However, because the contracts were not modified during the projects in order to reduce the contract unit price by the reduction of the overhead cost rate, the overhead expenses were overpaid.

( 2 cases; improper amount: 110.86 million yen (Metropolitan Expressway),  
85.59 million yen (Hanshin Expressway) )

○ Metropolitan Expressway Company Limited

- Estimation of direct personnel expenses for security service under a security service contract

When direct personnel expenses for security service were estimated concerning the head office's security service, because the adoption of a Labour unit price based on the market price was not considered fully, the direct personnel expenses were estimated by reference to the salaries to the guards whom the Company employed in the past, with the result that the expenses were overestimated.

(1 case; improper amount: 65.10 million yen)

○ NTT East

- Removal of jumpers due to cancellation of legacy services

Because the operations were not reviewed fully in the current situation where the number of subscribers to legacy services, such as subscribed telephone, were decreasing, workers of telecommunication construction companies were dispatched to telephone exchange stations only to remove jumpers. This was not efficient.

(1 case; improper amount: 286.80 million yen)

○ Japan Sewage Works Agency

- Contract method for basic design of reconstruction of terminal sewage disposal facilities

Regarding the auxiliary operations to the basic design of reconstruction of terminal sewage

disposal facilities, because the Agency did not know well that other organizations were able to carry out the operations, it concluded a free contract with a specific foundation, with the result that the transparency and competitiveness of the contract were not ensured.

(1 case; improper amount: 182.33 million yen)

#### **(4) Audit results of Measures Taken concerning improprieties**

##### **A. Implementation status of remedial measures taken concerning Improprieties reported in the audit reports**

The Board conducted audits on implementation status of remedial measures taken concerning improprieties reported in the Audit Report from FY1946 through FY2007 as of the end of July 2009.

The Board found out that remedial measures for 481 cases which amounted to 13,154.77 million yen in 30 ministries/agencies were not taken yet and that among these, 481 cases which amounted to 13,137.08 million yen in 30 ministries/agencies required remedial measures for returning money.

Of the cases where remedial measures were not taken yet, there were cases where collection of money was difficult because the debtor's fund was insufficient or because the debtor was missing. However, it is necessary for ministries/agencies to manage credit properly to ensure that remedial measures will be taken appropriately and promptly.

The Board will continue to audit the implementation status of remedial measures which have not been taken yet.

##### **B. Implementation status for improvement concerning Measures Taken by relevant authorities in response to the audit results of the Board**

The Board conducted audits on the implementation status of 146 remedial measures taken by relevant authorities in response to the Board's Audit Report for FY2007 in which the Board had declared that the Board would continue to audit implementation status of remedial measures.

As a result of the audits, the Board found that there were 6 cases where remedial measures had not been implemented partially and that, among them, 4 cases were reported as improprieties.

Regarding cases where improvement has not been partially implemented, it is necessary for relevant ministries/agencies to notify relevant authorities of such improvement further to ensure that improvement will be implemented without fail.

The Board will continue to audit the implementation status for improvement, including those reported in the Audit Report for FY2008.