

## II Summary of Audit Results

### Audit Results by Category

The total number of cases listed in the Audit Report for FY 2014 was 570. Of these, the number of cases which were not being found appropriate (Improper/Unreasonable Matters) was 556 and the improper amounts<sup>1</sup> totalled 156,867.01 million yen. (There were also background amounts<sup>2</sup> concerning the problem cases.) The following Table 1 shows the breakdown of the 570 cases by category.

Table 1: Audit Findings by Category

Category	Number of audit cases	Improper amounts (Unit: million YEN)
• Improperities <sup>(Note 1)</sup>	450	16,465.37
• Presentation of Opinions and/or Demand for Measures <sup>(Note 2)</sup>	49 <sup>(Note 7)</sup>	72,178.67
• Measures Taken <sup>(Note 3)</sup>	57 <sup>(Note 7)</sup>	69,048.61
Total of Improper/Unreasonable Matters	556	156,867.01 <sup>(Note 8)</sup>
• Special Report to the Diet and the Cabinet <sup>(Note 4)</sup>	6	
• Special Report on Audit Requested by the Diet <sup>(Note 5)</sup>	2	
• Report on Specific Matters <sup>(Note 6)</sup>	6	
Grand total	570	

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

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

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

(Note 4) Special Report to the Diet and the Cabinet: Matters reported to the Diet and the Cabinet pursuant to the provision of Article 30-2 of the Board of Audit Act.

(Note 5) Special Report on audits requested by the Diet: Results of audit reported to the Diet regarding matters audited pursuant to the provision of Article 30-3 of the

Board of Audit Act based on the request made under the provision of Article 105 of the Diet Law.

(Note 6) Report on Specific Matters: A report on specific matters which the Board finds necessary to report among audit activities of the Board.

(Note 7) 18 cases of “Presentation of Opinions and/or Demand for Measures” and “Measures Taken” have both improper amounts and background amounts.

(Note 8) Some of the audited cases include both the cases of “Improprieties” and the cases of “Presentation of Opinions and/or Demand for Measures,” while some others are in both the cases of “Improprieties” and the cases of “Measures Taken,” thus the created overlapping amounts are deducted from the corresponding Improper Amounts. For this reason the sum of the three Improper Amounts does not coincide with the given total.

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<sup>1</sup> Improper Amounts: Improper amounts represent any deficiency in the collection of taxes or social insurance premiums to be collected; overpayments for construction or purchases; overpayment of subsidies; amount of credit managed improperly; amount of assets not utilized effectively; and any amount of assets stated improperly in the statements of account and the financial statements.

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

## 1. Improper/Unreasonable Matters by Category and by Auditee

Table 2 shows the breakdown of 556 cases of Improper/Unreasonable Matters by category and by auditee.

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

(unit of monetary amount, million YEN)

Auditee \ Category	Improprieties		Presentation of Opinions and/or Demand for Measures (Note 2)		Measures Taken (Note 2)		Total (Note 2)	
	Cases	Amount	Article (Note 1) /Cases	Amount	Cases	Amount	Cases	Amount
Cabinet Office (Cabinet Main Office)	1	394.00			1	1,082.40	2	1,476.40
Cabinet Office (Imperial Household Agency)					1	9.52	1	9.52
Cabinet Office (National Police Agency)					1	14.71	1	14.71
Ministry of Internal Affairs and Communications	10	1,356.82	(34) 1; (34) • (36) 1; (36) 1;	25.50 4,249.77 321.67	3	232.55	16	(Note 8) 6,186.31
Ministry of Justice	1	4.16	(34) 1	31.71			2	35.87
Ministry of Foreign Affairs			(Note 3) (Note 9); (36) 2;	(Note 3) 16.28 (519.25) (20,418.01)	1	2,359.15	(Note 3); (Note 9); 3;	(Note 3); (Note 3) 2,375.43 (519.25) (20,418.01)
Ministry of Finance	1	275.80			2	15,376.88	3	15,652.68
Ministry of Education, Culture, Sports, Science and Technology	23	229.17	(36) 1	(1,498,400)	2	66.47	26	(Note 8) 272.19 (1,498,400)
Ministry of Health, Labour and Welfare	(Note 4); 275	(Note 4) 5,516.51	(Note 9); (34) 4; (Note 9); (34) • (36) 1; (Note 5) (Note 6); (36) 6;	9,840.31 (63,988.46) 33.45 (513.02) 5,441.37 (3,023.87)	(Note 9); 6	22,118.20 (707.06)	(Note 5); (Note 6); (Note 9); 292	(Note 4), (Note 5), (Note 6), (Note 8) 42,237.02 (63,988.46) (513.02) (3,023.87) (707.06)
Ministry of Agriculture, Forestry and Fisheries	25	302.84	(34) 1; (34) • (36) 1; (36) 1;	1,173.35 932.15 (82,868.96)	(Note 9); 6	19,527.00 (17,190.00) (88.14) (941.27)	(Note 9); 34	21,935.34 (82,868.96) (17,190.00) (88.14) (941.27)
Ministry of Economy, Trade and Industry	7	84.84	(36) 2	56.02 (10,048.35)	1	659.8	10	206.84 (10,048.35)

Auditee	Category		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Improperities		(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Ministry of Land, Infrastructure, Transport and Tourism	39	962.40		212.01				
			(Note 9); (34) • (36) 3	(353.68)			(Note 7); (353.68)	(Note 7) (Note 8) 3,449.65
			(Note 7); (36) 5	(19,419.62)	7	2,249.89	54	(19,419.62)
			(Note 7) (36) 5	(682.14)			(Note 9) (682.14)	(682.14)
			(Note 7) (36) 5	139.73				(2,871.11)
			(Note 7) (36) 5	(2,871.11)				(4,141.78)
			(Note 7) (36) 5	(4,141.78)				(146,959.29)
			(Note 7) (36) 5	(146,959.29)				(2,543.99)
			(Note 7) (36) 5	(2,543.99)				
Ministry of the Environment	4	135.88	(34) 1	402.92	1	711.78	7	1,524.15
			(34) • (36) 1	273.57				
Ministry of Defense	5	819.36	(34) 5	48,438.97	2	63.35	14	49,341.57
			(36) 2	19.89		(10,256.87)		(5,201,300)
			(36) 2	(5,201,300)				(10,256.87)
Japan Finance Corporation					1	29.86	1	29.86
Promotion and Mutual Aid Corporation for Private Schools of Japan	5	16.71					5	16.71
Tokyo Metro Co., Ltd.	1	9.20					1	9.20
Japan Environmental Storage & Safety Corporation			(34) 1	348.70			1	348.70
East Nippon Expressway					1	(3,886.41)	1	(3,886.41)
Central Nippon Expressway					1	(3,780.79)	1	(3,780.79)
West Nippon Expressway					1	(4,943.32)	1	(4,943.32)
Japan Health Insurance Association					(Note 9); 1	52.66 (60.54)	(Note 9); 1	52.66 (60.54)
Japan Pension Service			(Note 6), (Note 9); (34) • (36) 1	(Note 5), (Note 6) 25.47 (30,100.00)			(Note 5); (Note 6); (Note 9); 2	(Note 5); (Note 6) 25.47 (30,100.00)
New Kansai International Airport Co., Ltd.			(Note 5); (36) 1	(1,677.85)			1	(1,677.85)
The National Archives of Japan					1	57.20	1	57.20
National Institute of Information and Communications Technology					1	139.43	1	139.43
National Institution For Youth Education					(Note 9); 1	14.89 (253.41)	(Note 9); 1	14.89 (253.41)

Auditee \ Category	Improperities		Presentation of Opinions and/or Demand for Measures (Note 2)		Measures Taken (Note 2)		Total (Note 2)	
Food and Agricultural Materials Inspection Center	2	11.74					2	11.74
National Center for Seeds and Seedlings	3	3.62					3	3.62
National Livestock Breeding Center	11	27.34					11	27.34
National Fisheries University	1	16.53					1	16.53
National Agriculture and Food Research Organization	11	488.55					11	488.55
National Institute of Agrobiological Sciences	2	455.61					2	455.61
National Institute for Agro-Environmental Sciences	1	64.99					1	64.99
The Japan International Research Center for Agricultural Sciences	1	20.59					1	20.59
Forestry and Forest Products Research Institute	7	94.85					7	94.85
Fisheries Research Agency	5	11.23					5	11.23
National Institute of Advanced Industrial Science and Technology			(Note 9); (34) • (36) 1	26.68 (4,656.98)			(Note 9); 1	26.68 (4,656.98)
Agriculture & Livestock Industries Corporation					1	10.40	1	10.40
Japan International Cooperation Agency			(Note 3); (36) 1	(Note 3)	(Note 9); 2	905.40 (156.16)	(Note 3); (Note 9); 3	(Note 3) 905.40 (156.16)
New Energy and Industrial Technology Development Organization					1	46.62	1	46.62
The Japan Society for the Promotion of Science	1	6.45					1	6.45
RIKEN					1	384.69	1	384.69
Japan Aerospace Exploration Agency					1	2,896.27	1	2,896.27
Japan Sports Council	1	4,939.85					1	4,939.85

Auditee \ Category	Improperities		Presentation of Opinions and/or Demand for Measures (Note 2)		Measures Taken (Note 2)		Total (Note 2)	
	Japan Railway Construction, Transport and Technology Agency	1	20.34	(Note 9); (36) 1	6.48 (34.13)			(Note 9); 2
Japan Oil, Gas and Metals National Corporation					1	42.52	1	42.52
Japan Labour Health and Welfare Organization	(Note 4); 1	(Note 4) 203.70					1	(Note 4) 203.70
National Hospital Organization	1	5.48	(34) 1	27.50			2	32.98
Urban Renaissance Agency			(36) 1	(130,230.81)	(Note 9); 1	84.09 (109,178.58)	(Note 9); 2	84.09 (130,230.81) (109,178.58)
Japan Atomic Energy Agency					1	34.65	1	34.65
Japan Community Health care Organization	1	3.30					1	3.30
Japan Housing Finance Agency					1	(1,926.61)	1	(1,926.61)
Tokyo Medical and Dental University	1	9.05					1	9.05
Nagaoka University of Technology	1	3.52					1	3.52
National Institutes of Natural Sciences			(Note 9); (36) 1	76.45 (102.94)			(Note 9); 1	76.45 (102.94)
Metropolitan Expressway					1	19.10	1	19.10
NTT East					(Note 9); 1	23.60 (61.61)	(Note 9); 1	23.60 (61.61)
NTT West					(Note 9); 1	4.04 (12.05)	(Note 9); 1	4.04 (12.05)
Japan Post					2	450.31	2	450.31
Organization for Promoting Urban Development			(Note 7); (36) 1	(Note 7)			(Note 7); 1	(Note 7)
Farmers Pension Fund			(34) 1	58.72			1	58.72
Yokohama Port Corporation	1	11.10					1	11.10
Total	450; (Note 4) 16,465.37		(Note 3); (Note 5); (Note 7); 49	72,178.67	57; 69,048.61		(Note 3); (Note 5); (Note 7); 556	(Note 4); (Note 8) 156,867.01

(Note 1) Concerning the category “Presentation of Opinions and/or Demand for Measures,” the cases identified with (34) refer to audit findings under Article 34 of the Board of Audit Act, and the cases identified with (36) refer to those under Article 36.

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

- (Note 3) Although one case involves both the Ministry of Foreign Affairs and the Japan International Cooperation Agency, the amount has been listed only in the column of the Ministry of Foreign Affairs. In addition, duplication has been eliminated from the total number of cases
- (Note 4) Although one case concerning the Ministry of Health, Labour and Welfare and one case concerning the Japan Labour Health and Welfare Organization are both related to the Ministry and the Organization, duplication has been eliminated from the total amount.
- (Note 5) Although one case involves both the Ministry of Health, Labour and Welfare and the Japan Pension Service, the amount has been listed only in the column of the Ministry of Health, Labour and Welfare. In addition, duplication has been eliminated from the total number of cases.
- (Note 6) Although one case involves both the Ministry of Health, Labour and Welfare and the Japan Pension Service, the amount has been listed only in the column of the Ministry of Health, Labour and Welfare. One of the cases found on the Ministry of Health, Labour and Welfare and one of those found on the Japan Pension Service are findings that concern the same service. The relevant amount is included only in the amount given for the Japan Pension Service.
- (Note 7) Although one case involves both the Ministry of Land, Infrastructure, Transport and Tourism and the Organization for Promoting Urban Development, the amount has been listed only in the column of the Ministry of Land, Infrastructure, Transport and Tourism. In addition, duplication has been eliminated from the total number of cases.
- (Note 8) Some cases have been included in both “Improprieties” and “Presentation of Opinions and/or Demand for Measures”. Because the duplicate amount is eliminated in each of these cases, the sum total of the amounts in the cases is not the same as the figure entered in this space.
- (Note 9) Concerning the categories “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, 18 cases in total have both improper amounts and background amounts.

## **A Improper/Unreasonable Matters by Ministry/Agency**

### **(1) Cabinet Office**

(Cabinet Office)

Improprieties - Improper financial management in relation to refunding of unexpended fund balances.

Measures Taken - The implementation of projects provided with a grant under the grant for comprehensive measures for regional revitalization and urgent realization of security.

(National Police Agency)

Measures Taken - The procurement of substrates to be installed on APR mobile communication control devices.

### **(2) Ministry of Internal Affairs and Communications**

Improprieties - Excessive payment to the external organizations commissioned to conduct research and studies on the use/utilization of the state-of-the-art ICT.

Improprieties - Improper execution of and accounting for subsidized or granted projects:

- a. The Ministry provided grants under the extraordinary grant for measures for regional revitalization and addressing economic crisis to projects not eligible for the grants.
- b. The Ministry provided grants under the extraordinary grant for regional revitalization and public investment to projects not eligible for the grants.
- c. Excessive payment for some of the grants provided under the grant for promoting improvement of regional information communication infrastructure.
- d. Riverbed protection block works executed using a grant under the extraordinary grant for heightening regional vitality (extraordinary grant for revitalization of regional economies and creation of employment) did not conform to its design.
- e. Part of the system developed using a grant under the grant for developing/utilizing regional human resources versed in information communication technology fails to meet the objective of the subsidy.
- f. Excessive billing for the cost of some projects provided with a grant in accordance with grant projects for promoting improvement of the environment for use of information communication.

Demand for Measures 34 - The contract for execution of a model project aimed at regional revitalization.

Demand for Measures 34 Presentation of Opinions 36 - The billing for grants to be provided under the special allocation tax grant for post-disaster restoration.

Presentation of Opinions 36 - The cost of subsidized projects for development of an emergency digital radio facility for firefighting purposes.

Measures Taken - The execution of grant projects provided with a grant under the grant for comprehensive measures for regional revitalization and urgent realization of security.



Measures Taken - The installation of an uninterruptible power supply system.

### **(3) Ministry of Justice**

Improprieties - Improper payment for medical services provided in prisons under a dental clinical service contract.

Demand for Measures 34 - The quantity of procurement of raw materials for prison officers' uniforms manufactured inside prison facilities.

### **(4) Ministry of Foreign Affairs**

Presentation of Opinions 36 - The manifestation of the effect of ODA.

Presentation of Opinions 36 - The use of the funds disbursed under the grant aid for debt relief program and the submission of reports on its use.

Measures Taken - The payment of the contributions to international organizations calculated in Japanese yen.

### **(5) Ministry of Finance**

Improprieties - Cases of excess and deficiency in tax collection.

Measures Taken - Reductions in expenses incurred in collecting national taxes via bank account transfers.

Measures Taken - The method of outsourcing contract for management and disposal of non-administrative property.

### **(6) Ministry of Education, Culture, Sports, Science and Technology**

Improprieties - Comparatively high contract price for printing service required for the national survey on academic ability and achievement.

Improprieties - Improper execution of and accounting for subsidized or granted projects:

- a. Excessive grants to cover non-collectible tuition fees at public high schools.
- b. Excessive State contribution to the cost of compulsory education.
- c. Excessive payment for subsidies for improvement of research facilities at private universities.
- d. Excessive payment for subsidies for improvement of private schools facilities (project for promoting utilization of research devices and ICT).
- e. Excessive payment for subsidies for improvement of equipment for vitalization of educational research at private universities.
- f. Excessive payment for grants under the grant for improvement of school facilities and the environment.
- g. Excessive payment for grants under grants for public investments for development of Okinawa (projects related to improvement of school facilities and the environment).

Presentation of Opinions 36 Demand for Measures 36 - The maintenance and administration of school facilities improved via a subsidized project.

Measures Taken - The calculation of the total amount of the State contribution to the cost of

compulsory education.

**(7) Ministry of Health, Labour and Welfare**

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

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

**Improprieties** - Excessive payments for fees for entrusted work relating to projects for promoting creation of regional employment.

**Improprieties** - Improper payment for absence/leave compensation benefits under workers' accident compensation insurance.

**Improprieties** - Improper payment for unemployment benefits under employment insurance.

**Improprieties** - Improper payment for employment adjustment subsidies under employment insurance.

**Improprieties** - Improper payment for subsidies for development of employment for specified jobseekers (subsidy for development of employment for specified jobseekers having difficulty in finding jobs).

**Improprieties** - Improper payment for subsidies for establishment and operation of In-business childcare facilities under employment insurance.

**Improprieties** - Improper payment for old-age employees' pension benefits under employees' pension insurance.

**Improprieties** - Improper State contribution to medical expenses.

**Improprieties** - Improper execution of and accounting for subsidized or granted projects:

- a. Excessive payment of State contribution to medical treatment benefits under national health insurance.
- b. Excessive payment for fiscal adjustment grants under national health insurance.
- c. Excessive billing for projects eligible for a State contribution including contributions to the cost of child protection.
- d. Excessive use of funds in projects implemented using funds created by extraordinary special grants for child-rearing support (the portion that relates to the projects for development/improvement of child care centers using rental properties).
- e. Excessive use of funds in projects implemented using funds created by extraordinary special grants for child-rearing support (the portion that relates to the projects for regional child-rearing support bases).
- f. Excessive use of funds in projects implemented using funds created by extraordinary special grants for child-rearing support (the portion that relates to extraordinary special projects for improvement of treatment of children's nurses).
- g. Excessive payment for the State contribution to livelihood assistance subsidy.
- h. Excessive State contribution to cover deficits created by uncollectible accounts in calculation of the State contribution to the livelihood protection subsidy.
- i. Excessive State contribution to the livelihood protection subsidy (the portion that relates to the State contribution to administrative expenses of protection facilities).
- j. Excessive State contribution to benefits for supporting disabled people's

self-reliance.

- k. Excessive State contribution to medical expenses for disabled people.
- l. Excessive State contribution to ordinary adjustment grants for nursing care insurance.
- m. Non-refund of grants made relating to consumption tax withheld from relevant purchase on the projects implemented applying the fund created by extraordinary special grants for urgent development of nursing care infrastructure.
- n. Use of the funds for unintended purposes in the projects implemented using the fund created by extraordinary special grants for projects for urgent job creation and special grants for recreation of employment in hometowns.
- o. Excessive grant of subsidies provided under the Japan Labour Health and Welfare Organization's subsidy for improvement of facilities.
- p. Excessive subsidy payment for projects promoting after school-hour children plans (the portion concerning the projects aimed at developing sound and healthy children after school hours).
- q. Excessive subsidy payment for promotion of childcare (the portion concerning the projects aimed at promoting extended-hour childcare).

Improprieties - Improper State contribution to elderly nursing care benefits under nursing care insurance.

Improprieties - Improper State contribution to nursing care benefits and training benefits included in benefits for self-reliance support.

Demand for Measures 34 - The management of receivables including refunds relating to the livelihood protection subsidy.

Demand for Measures 34 - Adjustment for reducing high medical treatment expenses in the calculation of the amounts to be paid by State contributions relating to the national health insurance plan.

Demand for Measures 34 - Treatment of consumption taxes in the projects for improving child care centers using rental properties that are made available by the fund created under extraordinary special grants for child-rearing support.

Demand for Measures 34 - The calculation of the base amount for State contribution to benefits for supporting disabled people's self-reliance.

Demand for Measures 34 Presentation of Opinions 36 - The procurement of goods at national sanatoriums for sufferers of Hansen's disease.

Presentation of Opinions 36 - Discrepancies among the data collected and stored in the database system for collection of prescription information and information from specified medical checkups.

Presentation of Opinions 36 - Displacement of disabled persons for payment of subsidies for development of employment for specified jobseekers (subsidies for development of employment for specified jobseekers having difficulty in finding jobs).

Presentation of Opinions 36 - Displacement of disabled persons for payment of subsidies for development of employment for specified jobseekers (subsidies for development of employment for specified jobseekers having difficulty in finding jobs).

Presentation of Opinions 36 - Displacement of disabled persons for payment of subsidies for development of employment for specified jobseekers (subsidies for development of employment for specified jobseekers having difficulty in finding jobs).

Presentation of Opinions 36 - The status of fixed assets owned by the Japan Pension Service.

Presentation of Opinions 36 Demand for Measures 36 - Efforts made for promoting the application of Health Insurance and Employees' Pension Insurance to those

businesses that have yet to participate in them.

Demand for Measures 36 - The adjustment to the payment in parallel of the benefits for compensation for temporary absence from work payable under workers' accident compensation insurance and of the pension for disabled employees' payable under Employees' Pension Insurance.

Demand for Measures 36 - The examination of the effect resulting from the implementation of projects aimed at creating regional employment and of more practical projects aimed at the same.

Measures Taken - The provision of the extraordinary special grant for smooth management of the healthcare system for the elderly.

Measures Taken - The calculation of lease expense in projects for urgent employment creation.

Measures Taken - The machinery and devices acquired using the subsidy for welfare, labor and science research.

Measures Taken - The preparation of inspection records in rough estimate-based contracts among the contracts for outsourced services.

Measures Taken - The implementation of projects that provide subsidies for accredited training.

#### **(8) Ministry of Agriculture, Forestry and Fisheries**

Improprieties - Improper accounting for service contracts for harvest survey.

Improprieties - Improper designed of the work for installation of wireless transfer devices.

Improprieties - Improper execution of and accounting for subsidized projects:

- a. Not eligible for a subsidy:
  - (a) Benefits provided to those who fail to meet the requirements for benefits for youth engaged in agriculture.
  - (b) Expenses incurred in grant projects for regional use/utilization of biomass.
  - (c) Expenses incurred in projects for integrated utilization of agricultural land.
  - (d) Part of the expenses incurred in grant projects for supporting revitalization of agricultural, mountainous, or fishing villages.
- b. Cases where funds created by subsidies or grants were improperly used:
  - (a) Excessive billing in projects implemented using the fund created by subsidies for accelerated forest improvement and regeneration of forest industry.
  - (b) Excessive grants and non-achievement of objectives of subsidies in projects implemented using the fund created by grants for aid to regional activities for forest improvement.
- c. Improperly designed works:
  - (a) Improperly designed foundation of machinery in freezing and cold storage facilities.
  - (b) Improperly designed pump panel and other items that were installed in the drainage pump station.
- d. Improperly designed and executed works:
  - (a) Improperly designed and executed milking sheds.

- (b) Improperly designed and executed grain silos.
- e. Unauthorized disposal of property acquired in subsidized projects.  
Unauthorized assignment or lending of facilities that were acquired or improved in a subsidized project.
- f. Improper calculation of the amount granted under a subsidy; calculated grant amount was not eligible for a subsidy:  
Improper calculation of subsidies for projects for promoting improvement of agricultural infrastructure, or a part of such project was not eligible for a subsidy.
- g. Excessive billing for cost of subsidized project.  
Excessive billing for subsidized projects in projects aimed at enhancing food-agriculture collaboration function.
- h. Subsidized objective not achieved:  
Part of the facilities built in a grant project for developing management body that failed to achieve the objective of the subsidies.

Improprieties - Excessive amount of a grant for administrative work for projects for management/disposal of State-owned agricultural land.

Demand for Measures 34 - The examination of the standard unit price for establishment/improvement of facilities aimed at preventing bird and animal damage in projects for maintenance/improvement of the forest environment.

Demand for Measures 34, 36 - The control of items acquired in outsourced research projects.

Demand for Measures 36 - The evaluation of achievement of the established goal in the grant projects for strengthening agricultural and food industries.

Measures Taken - The execution of projects for stabilization of formula feed prices.

Measures Taken - The execution of grant project for urgent measures for regeneration and use of abandoned agricultural land.

Measures Taken - The execution of subsurface drainage work.

Measures Taken - The calculation of the number of cars acquired for investigation purposes.

Measures Taken - The execution of salt removal work.

## **(9) Ministry of Economy, Trade and Industry**

Improprieties - Comparatively high contract price for renewal of the accumulator of the uninterruptible power supply system.

Improprieties - Excessive payment for the service related to electricity charge that was not necessary for the execution of the entrusted service.

Improprieties - Improper execution of and accounting for subsidized projects:

- a. Not eligible for a subsidy.
  - (a) Part of the cost of the subsidized project for demonstration of the next-generation energy and social system.
  - (b) Part of the cost of a subsidized project for promoting the installation of private power generation equipment.
- b. Excessive billing for subsidized project cost.
  - (a) Excessive billing for the cost of a subsidized project for promoting the installation

- of private power generation equipment.
- (b) Excessive billing for the cost of a subsidized project for purchase of equipment not used in a subsidized project.
- c. Improper use of a fund created by a subsidy.  
Project implemented prior to the decision of an aid grant in a project for promoting content business in overseas markets not eligible for a subsidy.

Presentation of Opinions 36 - The examination of the effect of a project aimed at promoting the installation of private power generation equipment.

Demand for Measures 36 - Computerized books in a project for urgent content computerization.

#### **(10) Ministry of Land, Infrastructure, Transport and Tourism**

Improprieties - Improper design of earthquake-resistant reinforcement work of bridges.

Improprieties - Improper design of earthquake-resistant reinforcement work of bridges.

Improprieties - Excessively low fee for use of multistory parking lots and other facilities.

Improprieties - Improper execution of and accounting for subsidized projects:

- a. Improper design of work, etc.
  - (a) Improper design of a drain with an oblong cross-section.
  - (b) Improper design and execution of wooden facilities including public housing and administrative buildings at camp sites.
  - (c) Improper design of breast walls of a bridge abutment.
  - (d) Improper design of an arch culvert.
  - (e) Improper design of rainwater storage facilities.
  - (f) Improper design of the base of a drain with an oblong cross-section.
  - (g) Improper design of water channel work.
  - (h) Improper design of bank protection work.
  - (i) Uneconomical construction cost due to improper design of bank protection work.
- b. Excessive billing for non-subsidized works and other works.  
The auditee submitted result reports and other documents attached with a copy of a fictitious contract while actually performing non-subsidized works and the works described in the result reports costs lower than those reported. Thus, the auditee billed excessively for the cost of performed works.
- c. Improper calculation of subsidized amounts.
  - (a) Improper calculation of the cost of re-acquisition of land.
  - (b) Excessive grant payment due to the improperly calculated cost of a subsidized project.
  - (c) Improper calculation of compensation for building relocation.
  - (d) Improper calculation of compensation for relocation of a communication channel.
- d. Improper planning.
  - (a) Improperly planned improvement of the key station of radio communications for disaster prevention administration.
  - (b) Improperly planned meat center development.

- e. Work executed not in conformity to its design.  
Rooftop waterproof repair work was executed not in conformity to its design.
- f. Improper work contract.  
Improper contract for changing refurbishment of external walls.
- g. Not eligible for a subsidy.  
Cost of the work executed in the project for post-disaster restoration of cargo handling machinery at ports was not eligible for a subsidy.

Demand for Measures 34 Presentation of Opinions 36 - The maintenance of the structures renovated due to appurtenant works to river conservation works and payment of costs thereof.

Demand for Measures 34 Presentation of Opinions 36 - The administration and use of State-owned port facilities.

Demand for Measures 34, 36 Presentation of Opinions 36 - Appropriate accounting for energy-saving repair works.

Presentation of Opinions 36 - The introduction and utilization of non-step buses using the subsidy for development, maintenance and improvement of local public transportation means.

Presentation of Opinions 36 - The additional State contribution to the guarantee fund for the Fund for the Promotion and Development of the Amami Islands.

Presentation of Opinions 36 - The effective use of multipurpose underground conduits.

Demand for Measures 36 - The execution of projects supported by the fund for town building with residents' participation.

Demand for Measures 36 - The maintenance and administration of airport facilities.

Measures Taken - The cost of data registration by the storage control system.

Measures Taken - The cost estimation of sewer pipe building work by the shield method.

Measures Taken - The cost estimation for repairs of vessels.

Measures Taken - The cost estimating system in the lump sum contract and unit price agreement method.

Measures Taken - The service contract for conducting engineering support on State-administered bridges.

Measures Taken - Material items returned after the termination of the relevant service contract.

#### **(11) Ministry of the Environment**

Improprieties - Improper design of the building anti-intruder fences.

Improprieties - Improper execution of and accounting for subsidized projects:

- a. Improper design of equipment.  
Improper design of solar-powered monitoring posts installed in a grant-based radiation monitoring project.
- b. Improper use of funds created by subsidies.  
Projects executed using Funds for supporting municipal governments that introduced renewable energy were not eligible for a subsidy.
- c. Improper calculation of amounts provided by grants.

Excessive payment for grants provided to cover costs of the equipment not eligible for grants.

Demand for Measures 34 - The earthquake-proof quality of power storage facilities that were installed at disaster prevention bases.

Demand for Measures 34 Presentation of Opinions 36 - The treatment of accumulated funds created at the provider of a car park management service entrusted by the State in the National Garden.

## **(12) Ministry of Defense**

Improprieties - Excessive wages paid to nonregular staffs engaged in a protection service.

Improprieties - Insufficient extra profit to be refunded in the contract for building destroyers.

Improprieties - Improper payment for the procurement of a system for measuring the ability to take off and land.

Improprieties - Improper payment for the procurement of a large destructive fire and rescue track (A-MB-3).

Improprieties - Comparatively high price of a contract for addressing the computer system audit.

Demand for Measures 34 - The revision of the book value of the optical transmission line (material item) inside the base compound following its upgrade.

Demand for Measures 34 - The management of valuable waste materials generated through the execution of a contract for periodical inspection of SDF vessels.

Demand for Measures 34 - Control of radar equipment that will be dismantled due to improvement and modernization of F-15 fighters.

Demand for Measures 34 - The procurement/upgrading of inflatable life jackets.

Demand for Measures 34 - The control/administration of items procured using the budget allocated to the East Japan Great Earthquake restoration special account.

Presentation of Opinions 36 - The implementation of the life-cycle cost control of defense equipment.

Demand for Measures 36 - The prevention of return receivables from arising from wages paid to USFJ workers and smooth collection thereof.

Measures Taken - The upgrading of emergency power facilities.

Measures Taken - The regular maintenance of respiration apparatus for emergency evacuation.

**((1) Cabinet Office (Imperial Household Agency), (2) Ministry of Internal Affairs and Communications, (6) Ministry of Education, Culture, Sports, Science and Technology, (7) Ministry of Health, Labour and Welfare, (8) Ministry of Agriculture, Forestry and Fisheries, (9) Ministry of Economy, Trade and Industry, (10) Ministry of Land, Infrastructure, Transport and Tourism, (11) Ministry of the Environment)**

Measures Taken - The measure for software security holes in the information system.



## **B Improper/Unreasonable Matters by Entity**

### (1) Japan Finance Corporation

Measures Taken - The saving of fixed-line telephone charges.

### (2) Promotion and Mutual Aid Corporation for Private Schools of Japan

Improprieties - Improper accounting for subsidies for private universities' current expenses.

### (3) Tokyo Metro Co., Ltd.

Improprieties - Comparatively high contract price due to cost estimation of machinery and equipment expenses.

### (4) Japan Environmental Storage & Safety Corporation

Demand for Measures 34 - The calculation of the cost estimation for the operation of polychlorinated biphenyl waste disposal facilities.

### (5) East Nippon Expressway, (6) Central Nippon Expressway, (7) West Nippon Expressway

Measures Taken - The selection of roadbed materials for asphaltting.

### (8) Japan Health Insurance Association

Measures Taken - Contracts for safekeeping of documents.

### (9) Japan Pension Service

Demand for Measures 34, 36 Presentation of Opinions 36 - The efforts made for applying Health Insurance and Employees' Pension Insurance to businesses that have yet to adopt them.

Presentation of Opinions 36 - The status of fixed assets held by the Japan Pension Service.

### (10) New Kansai International Airport Co., Ltd.

Demand for Measures 36 - The administration and maintenance of airport facilities.

### (11) The National Archives of Japan

Measures Taken - The design of the system for transfer, storage and use of computerized official documents.

### (12) National Institute of Information and Communications Technology

Measures Taken - The contracts for on-site purchases.

### (13) National Institution For Youth Education

Measures Taken - The billing for planning and administrative work.

### (14) Food and Agricultural Materials Inspection Center, (15) National Center for Seeds and Seedlings,

(16) National Livestock Breeding Center, (17) National Fisheries University, (18) National Agriculture and Food Research Organization, (19) National Institute of Agrobiological Sciences, (20) National Institute for Agro Environmental Sciences, (21) The Japan International Research Center for Agricultural Sciences, (22) Forestry and Forest Products Research Institute, (23) Fisheries Research Agency

Improprieties - Improper accounting for the purchase of goods for research purposes.

(24) National Institute of Advanced Industrial Science and Technology

Demand for Measures 34 Presentation of Opinions 36 - The use of industry-academia-government joint research facilities and the calculation of utilities charges at rented facilities.

(25) Agriculture & Livestock Industries Corporation

Measures Taken - The contract for information system development.

(26) Japan International Cooperation Agency

Presentation of Opinions 36 - The achievement of the effect of ODA.

Measures Taken - The excess revenue generated by the contract for administration and operation.

Measures Taken - The execution of the grass root technical cooperation project carried out by specified nonprofit corporations, etc.

(27) New Energy and Industrial Technology Development Organization

Measures Taken - The treatment of the technology research union in subsidized projects.

(28) The Japan Society for the Promotion of Science

Improprieties - Improper accounting for subsidies for the Leading-edge Research Promotion Fund.

(29) Institute of Physical and Chemical Research

Measures Taken - The accounting for procurement of synthetic DNA products.

(30) Japan Aerospace Exploration Agency

Measures Taken - Free deposit of assets, etc.

(31) Japan Sport Council

Improprieties - Violation of accounting rules in contractual procedure.

(32) Japan Railway Construction, Transport and Technology Agency

Improprieties - Improper design of the bridge in the approach ramp in Shinkansen construction projects.

Demand for Measures 36 - The implementation of an obstacle prevention project in Shinkansen construction projects.

(33) Japan Oil, Gas and Metals National Corporation

Measures Taken - The contracted power in the power demand-supply contract at national stockpile facilities.

(34) Japan Labour Health and Welfare Organization

Improprieties - Improper accounting for upgrading of hospital information systems.

(35) National Hospital Organization

Improprieties - Excessive payment of additional job allowance.

Demand for Measures 34 - The calculation of the cost to be paid by severely (physically and mentally) disabled patients for articles of daily use.

(36) Urban Renaissance Agency

Presentation of Opinions 36 - The administration and operation of urban residences built on leased land.

Measures Taken - Parking lots in public apartment complexes.

(37) Japan Atomic Energy Agency

Measures Taken - The items that are installed for use on machinery or equipment owned by third parties.

(38) Japan Community Health care Organization

Improprieties - Improper disbursement of recreational expenses.

(39) Japan Housing Finance Agency

Measures Taken - The operations of group credit life insurance.

(40) Tokyo Medical and Dental University, (41) Nagaoka University of Technology

Improprieties - Improper accounting for procurement of synthetic DNA products.

(42) National Institutes of Natural Sciences

Demand for Measures 36 - The promotion of mutual utilization between universities of research facilities via the inter-university collaborative research equipment network.

(43) Metropolitan Expressway Co., Ltd.

Measures Taken - The illuminated information signs installed below the girders of expressways.

(44) Nippon Telegraph and Telephone East Corporation, (45) Nippon Telegraph and Telephone

West Corporation

Measures Taken - The administration of the electric poles that need to be administered.

(46) Japan Post Co., Ltd.

Measures Taken - The forklifts available for use in mail distribution stations.

Measures Taken - The execution of the work to repair deteriorated post offices.

(47) Organization for Promoting Urban Development

Demand for Measures 36 - The execution of a project supported by the fund for town building with residents' participation.

(48) Farmers' Pension Fund

Demand for Measures 34 - The payment of management transfer pension in the former farmers' pension fund projects.

(49) Yokohama Port Corporation

Improprieties - Comparatively high contract price for laying down traveling rails for cargo handling machines.

## **2 Special Reports to the Diet and the Cabinet, and Special Report on audit requested by the Diet, etc.**

### **A Special Report to the Diet and the Cabinet**

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

- Implementation status of the plan for appropriate medical care expenditures.
- Implementation status of projects for prevention of landslide disasters.
- Management of State-owned forests.
- Status of projects and finances of State-sponsored stock companies.
- Implementation status of projects under the Regional Revitalization Act.
- Status of the application of special measures concerning taxation (in relation to corporate taxes).

### **B Special Report on audit requested by the Diet**

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

- Implementation status of reconstruction and rehabilitation projects after the Great East Japan Earthquake.
- Implementation status of government assistance in relation to compensation for nuclear damage concerning Tokyo Electric Power Co., Inc.

## **C Report on Specific Matters**

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

- Status of the management of projects for information systems in government ministries.
- Implementation of programs to support recruitment of new employees in agriculture, forestry and fisheries.
- Status of construction and maintenance of interim two-lane arterial high-standard highways.
- Impact of implementation and enhancement of quantitative and qualitative monetary easing on the financial position of the Bank of Japan.
- Implementation status of the research budget of RIKEN (Institute of Physical and Chemical Research).
- Implementation status of assistance program for revitalizing operations of business enterprises by the Regional Economy Vitalization Corporation of Japan.