

II Summary of Audit Results

1. Audit Results by Category and by Auditee

The total number of cases listed in the Audit Report for FY2017 was 374. Of these, the number of cases which were found not appropriate (Improper/Unreasonable Matters) was 359 and the improper amounts¹ totalled 115,698.80 million yen. (There were also background amounts² concerning the problem cases.) The following Table 1 shows the breakdown of the 374 cases by category.

Table 1: Audit Findings by Category

Category	Number of audit cases	Improper amounts (Unit: million YEN)
• Improprieties ^(Note 1)	292	7,554.09
• Presentation of Opinions and/or Demand for Measures ^(Note 2)	28 ^(Note 8)	8,884.87
• Measures Taken ^(Note 3)	39 ^(Note 8)	99,283.38
• Special Description ^(Note 4)	0	-
Total of Improper/Unreasonable Matters	359	115,698.80 ^(Note 9)
• Special Report to the Diet and the Cabinet ^(Note 5)	7	
• Special Report on Audit Requested by the Diet ^(Note 6)	3	
• Report on Specific Matters ^(Note 7)	5	
Grand total	374	

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

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

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

- (Note 4) Special Description: Matters which the Board finds it particularly necessary to report in order to draw the attention of the public.
- (Note 5) 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 6) 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 7) Report on Specific Matters: A report on specific matters which the Board finds necessary to report among audit activities of the Board.
- (Note 8) 8 cases of “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, in multiple situations, have both improper amounts and background amounts.
- (Note 9) Some cases are counted both as “Improprieties” and “Presentation of Opinions and/or Demand for Measures”, or “Improprieties” and “Measures Taken”. As such duplications are deducted from the total, adding each improper amount does not correspond with the total.

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

² Background Amounts: Background amounts represent overall amounts of payments or investments etc. regarding matters concerned. Background amounts are presented when improper amounts cannot be calculated for audit cases such as: 1) where the Board finds, as a result of audit, any matters that it finds necessary to be improved with regard to laws and regulations, system or administration; and 2) which the Board reports to draw public attention to project cases of non-realization of investment effect due to problems in project progress caused by policy issues. Besides, the background amounts are not totaled up since the basis for determining the background amounts differ from case to case.

Table 2 shows the breakdown of 359 cases of “Improper/Unreasonable Matters” (Improperities, Presentation of Opinions and/or Demand for Measures and Measures Taken in Table 1) by auditee.

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

(unit of monetary amount, million YEN)

Category Auditee	Improperities		Presentation of Opinions and/or Demand for Measures (Note 2)		Measures Taken (Note 2)		Total (Note 2)	
	Cases	Amount	Article (Note 1) /Cases	Amount	Cases	Amount	Cases	Amount
Cabinet Office (Cabinet Office)	27	369.38			1	98.96	28	468.34
Ministry of Internal Affairs and Communications	49	1,947.21	③④ 1	925.53	1	204.43	51	3,077.17
Ministry of Justice	1	4.51			1	24.93	2	29.44
Ministry of Foreign Affairs			③④ 1 (Note 3) ③⑥ 1	61.98 (Note 3) (7,289.61)			(Note 3) 2	(Note 3) 61.98 (7,289.61)
Ministry of Finance	1	266.73			1	1,596.05	2	1,862.78
Ministry of Education, Culture, Sports, Science and Technology	30	1,049.74	③⑥ 1	(7,040.58)	(Note 7) 1	21.53 (1,597.50)	(Note 7) 32	1,071.27 (7,040.58) (1,597.50)
Ministry of Health, Labour and Welfare	87	2,182.09	(Note 4) , (Note 7) ③④ • ③⑥ 3 (Note 5) ③⑥ 4	443.09 (Note 4) (1,949.29) (3,206.22) (Note 5) 1,676.20	1	8.20	(Note 4) (Note 5) (Note 7) 95	(Note 4) , (Note 5) , (Note 6) 4,302.10 (1,949.29) (3,206.22)
Ministry of Agriculture, Forestry and Fisheries	28	668.88	(Note 7) ③④ 2 (Note 7) ③④ • ③⑥ 1 (Note 7) ③⑥ 3	489.81 (385.38) 858.42 (6,016.92) 63.60 (5,803.32) (56,767.37) (457.21)	8	9,726.31	(Note 7) 42	(Note 6) 11,790.95 (385.38) (6,016.92) (5,803.32) (56,767.37) (457.21)
Ministry of Economy, Trade and Industry	4	26.06	③④ • ③⑥ 1	1,004.86			5	1,030.92
Ministry of Land, Infrastructure, Transport and Tourism	27	282.07	③⑥ 1	(3,290.95)	4	1,100.10	32	1,382.17 (3,290.95)

Auditee \ Category	Improprieties		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Cases	Amount	Article (Note 1) /Cases	Amount	Cases	Amount	Cases	Amount
Ministry of the Environment	16	282.05	③④ (Note 7) 2	2,068.92 (801.03)			(Note 7) 18	2,350.97 (801.03)
Ministry of Defense	2	31.48	③⑥ 1	233.73	(Note 7) 5	63,965.97 (133,882.64) (11,982.15)	(Note 7) 8	63,997.45 (233.73) (133,882.64) (11,982.15)
The Okinawa Development Finance Corporation					1	(12,746.98)	1	(12,746.98)
The Promotion and Mutual Aid Corporation for Private Schools of Japan	9	188.05					9	188.05
Bank of Japan	1	3.75					1	3.75
Japan Racing Association			③④ · ③⑥ 1	46.67			1	46.67
Japan Environmental Storage & Safety Corporation					1	102.00	1	102.00
East Nippon Expressway Company Limited			③④ · ③⑥ 1	(54,998.12)	1	40.10	2	40.10 (54,998.12)
Central Nippon Expressway Company Limited			③④ · ③⑥ 1	(27,890.64)			1	(27,890.64)
West Nippon Expressway Company Limited			③④ · ③⑥ 1	(30,681.17)	2	102.70	3	102.70 (30,681.17)
Honshu-Shikoku Bridge Expressway Company Limited					1	19.20	1	19.20
Japan Health Insurance Association	1	14.79					1	14.79
Japan Pension Service	1	47.81	③④ (Note 4) ③④ · ③⑥ 1	633.73 (Note 4)			(Note 4) 3	(Note 4) 681.54
National Institution for Youth Education					1	636.43	1	636.43
National Research Institute for Earth Science and Disaster Resilience					1	53.74	1	53.74

Auditee \ Category	Improprieties		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Cases	Amount	Article (Note 1) /Cases	Amount (Note 2)	Cases	Amount (Note 2)	Cases	Amount (Note 2)
Forest Research and Management Organization			③⑥ 1	612.06			1	612.06
Japan International Cooperation Agency (JICA)			(Note 3) ③⑥ 1	(Note 3)			(Note 3) 1	(Note 3)
RIKEN (The Institute of Physical and Chemical Research)					1	17.20	1	17.20
Welfare And Medical Service Agency (WAM)	1	8.05	(Note 5) ③⑥ 1	(Note 5)			(Note 5) 2	(Note 5) 8.05
Information-Technology Promotion Agency, Japan					1	2,152.97	1	2,152.97
Japan Atomic Energy Agency	1	7.70					1	7.70
Organization for Workers' Retirement Allowance Mutual Aid					1	219.95	1	219.95
The University of Tokyo	1	4.86					1	4.86
Nippon Hoso Kyokai (NHK : Japan Broadcasting Corporation)					1	46.58	1	46.58
Shoko Chukin Bank	5	168.82			1	15,000.00	6	15,168.82
NTT Communications Corp.					1	1,116.05	1	1,116.05
NTT East (Nippon Telegraph and Telephone East Corp.)					1	2,169.07	1	2,169.07
NTT West (Nippon Telegraph and Telephone West Corp.)					1	860.91	1	860.91
Total	292	7,554.09	(Note 3), (Note 4) (Note 5) 28	8,884.87	39	99,283.38	(Note 3) (Note 4) (Note 5) 359	(Note 6) 115,698.80

- (Note 1) The cases identified with ㉔ refer to audit findings under Article 34 of the Board of Audit Act, and the cases identified with ㉖ 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 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 5) Although one case involves both the Ministry of Health, Labour and Welfare and the Organization for Welfare And Medical Service Agency, 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) Some cases are counted both as “Improprieties” and “Presentation of Opinions and/or Demand for Measures”, or “Improprieties” and “Measures Taken”. As such duplications are deducted from the total, adding each improper amount does not correspond with the total.
- (Note 7) Concerning the categories “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, 8 cases in total have both improper amounts and background amounts.

2. Brief Description of Audit Cases

The following is a brief description of individual cases.

A Improper/Unreasonable Matters by Ministry/Agency

(1) Cabinet Office

(Cabinet Office)

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

a. Not eligible for a subsidy:

(a) Part of cost of a project implemented by the emergency support grant for local revitalization and local residents' living (regional revitalization initiative) was not eligible.

(b) Part of cost of projects implemented by regional revitalization promotion grants was not eligible.

b. Excessive billing of subsidized project cost:

Excessive billing of cost of projects eligible for a State contribution towards benefits for children's education and care.

c. Improper design of works:

Improper design of facilities to promote settlement

d. Improper use of funds created by grants:

Excessive billing of cost of projects implemented by funds created by grant projects for promoting improvement of the environment for use of information communication.

e. Improper calculation of subsidized amounts:

Improper calculation of amounts of subsidies for implementation of the community child care support centers project.

Measures Taken - Saving on equipment expenses associated with the operation of the General Consultation Center for Advice on Shifting Consumption Tax to Prices.

(2) Ministry of Internal Affairs and Communications

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

a. Excessive payment of a grant under the regional economic circulation creation project.

b. Excessive payment of an extraordinary grant for heightening regional vitality (local economy vitalization/employment creation).

c. Subsidized objective not achieved, due to improper construction of facilities developed with subsidies for regional public network improvement projects.

d. Improper execution of optical cable installation work undertaken with a grant for promoting improvement of the environment for use of telecommunication.

Improprieties - Excessive payment of special allocation tax grant for post-disaster restoration.

Demand for Measures ③4 - Recording of Cosmic Radio Wave Monitoring Facility's constituent facilities in the goods management book and the national property register.

Measures Taken - Project to develop a public wireless LAN environment to secure a means of communication in the event of disaster.

(3) Ministry of Justice

Improprieties - Improper payment of sum in contract for detention house monitoring.

Measures Taken - Meals provided to inmates in juvenile classification homes.

(4) Ministry of Foreign Affairs

Demand for measures 34 - Return to the State of the remaining balance of grants provided in the form of Grant Assistance for Japanese NGO Projects.

Presentation of Opinions 36 - The effect of official development assistance.

(5) Ministry of Finance

Improprieties - Cases of excess and deficiency in tax collection.

Measures Taken - Handling of funds associated with the redemption of Japanese government bonds.

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

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

- a. Excessive payment of subsidies for the cost of support for students in rural areas.
- b. Excessive grants to cover non-collectible tuition fees at public high schools.
- c. Excessive payment of subsidies for improvement of facilities of the National Institute of Technology.
- d. Excessive payment of subsidy for aid to operating expenses of private high school and others (expenses for kindergarten and other special needs education).
- e. Excessive payment of subsidies for maintenance of national treasures and important cultural properties.
- f. Excessive State contribution to the cost of compulsory education.
- g. Excessive State contribution to the cost for improvement of facilities at public schools.
- h. Excessive payment of grants for improvement of school facilities and the environment.
- i. Excessive payment of subsidies for improvement of private school facilities (private kindergarten facility improvement expenses).

Presentation of Opinions 36 - Allocation of scholarship benefits given to senior high school students for other school expenses besides the tuition fee through proxy receipt by the school.

Measures Taken - Seismic reinforcement measures for buildings designated as cultural properties.

(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 payment of costs for commissioned work for the Regional Youth Support Station Project.

Improprieties - Improper payment of employment adjustment subsidies under employment insurance.

Improprieties - Improper payment of subsidies for securing and training construction workers under employment insurance.

Improprieties - Improper payment of corporate inhouse training promotion subsidies under employment insurance.

Improprieties - Improper payment of subsidies for development of employment for specified job seekers under employment insurance.

Improprieties - Improper payment of career enhancement subsidies under employment insurance.

Improprieties - Improper payment of unemployment benefits under employment insurance.

Improprieties - Improper payment of incentives for accredited vocational training under employment insurance.

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

Improprieties - Improper State contribution to medical expenses.

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

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

- a. Excessive payment of subsidies for disease prevention projects (the portion for specified infectious disease testing projects)
- b. Excessive use of funds in projects implemented using funds created by grants for promoting reform of medical and long-term care provision systems (the portion for medical care projects).
- c. Excessive payment of State contribution to medical treatment benefits under national health insurance.
- d. Excessive payment of fiscal adjustment grants under national health insurance.
- e. Project to secure employment opportunities for seniors (Silver Human Resources Center Project) was not implemented.
- f. Use of funds for unintended purposes in projects implemented using funds created by extraordinary special grants for projects for urgent job creation and special grants for recreation of employment in hometowns.
- g. Use of funds for unintended purposes in projects implemented using funds created by the extraordinary special grant for the emergency human resource development and employment support programs.
- h. Project implemented with subsidies for projects to comprehensively support childcare measures (the portion for projects to support the cost of improvements to assist in becoming a registered childcare facility) was not eligible.
- i. Excessive billing of cost of projects eligible for a State contribution including contributions to the cost of child protection.
- j. Excessive use of funds in projects implemented using funds created by extraordinary special grants for childcare support (the portion for community child care support centers projects).
- k. Excessive State contribution to the livelihood assistance subsidy.
- l. Excessive State contribution to medical expenses for disabled people.
- m. Excessive State contribution to the nursing care benefit.
- n. Excessive State contribution to ordinary adjustment grants for nursing care insurance.
- o. Excessive use of funds in projects implemented using funds created by grants for promoting reform of medical and long-term care provision systems (the portion for the development of long-term care facilities).

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

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

Improprieties - Improper State contribution to outpatient benefits for disabled children.

- Demand for Measures 34 36** **Presentation of Opinions 36** - Administration relating to the coordination of pension benefits and damages concerning accidents caused by third parties.
- Demand for Measures 34 36** - Oversight and inspection of outsourced data entry and other tasks.
- Demand for Measures 34 36** - Implementation of cooperative and collaborative administration through grants for the handling of national pension administration.
- Presentation of Opinions 36** - Addition of expenses for occupational injury treatment plans in calculations of medical expenses arising from occupational injuries.
- Presentation of Opinions 36** - Scale of government contribution to the Welfare And Medical Service Agency's account for loans secured by workers' accident pensions.
- Demand for Measures 36** - Recipients of grants for long-term care and self-reliance support projects through the community support program grant.
- Demand for Measures 36** - Establishment of a subsidy unit price for subsidies for securing and training construction workers.
- Measures Taken** - Use of the Job-Card as a requirement for receiving cooperate inhouse training promotion subsidies.

(8) Ministry of Agriculture, Forestry and Fisheries

- Improprieties** - Purpose of work conducted to implement the disaster preparedness information network for national land development and improvement facilities project not achieved, as data transfer units cannot be used in accordance with the purpose of the project.
- Improprieties** - Excessive payment of costs for commissioned work for the project to promote development of model areas using woody biomass energy.
- Improprieties** - Improper execution of and accounting for projects with subsidies or grants:
- a. Improper design of works:
 - (a) Improper design of embankments for reservoir.
 - (b) Improper design of retaining walls.
 - (c) Improper design of slope protection work.
 - (d) Improper design of headworks and bank protection works.
 - (e) Improper design of bridge displacement limitation structures.
 - (f) Improper design of noise reduction work.
 - (g) Improper design of bridge collapse prevention systems.
 - (h) Improper design of planting work.
 - b. Not eligible for a subsidy:
 - (a) Part of cost of projects that received grants through the grant project concerning measures to strengthen agriculture and the food industry was not eligible.
 - (b) Part of cost of projects subsidized under the business fostering assistance project (business fostering assistance project for disaster-stricken farmers) was not eligible.
 - (c) Part of cost of projects subsidized under the project to install equipment to promote exports was not eligible.
 - (d) Part of cost of projects subsidized under the program of grants for development of rural areas was not eligible.
 - (e) Part of cost of subsidized projects for measures to enable forests and rural villages to fulfill multifaceted functions was not eligible.
 - c. Excessive billing of subsidized project cost:
 - (a) Excessive billing of cost of projects subsidized under the project for comprehensive

- forest environment conservation measures.
- (b) Excessive billing of cost of projects subsidized under the program of grants for promoting measures to facilitate the sixth industrialization of rural areas.
 - (c) Excessive billing of cost of projects subsidized under the project to encourage development of animal vaccines.
 - d. Improper use of funds created by subsidies:
 - (a) Subsidized objective not achieved in projects implemented using the fund created by grants for aid to regional activities for forest improvement.
 - (b) Subsidized objective not achieved, due to failure to use sawdust machine after it was transferred gratis, having been purchased using funds created by subsidies for accelerated forest improvement and regeneration of forest industry.
 - e. Subsidized objective not achieved:
 - (a) Subsidized objective not achieved by part of facilities developed under the program of grants for the local use of biomass.
 - (b) Subsidized objective not achieved, as the necessary items were not stipulated in the specification sheet as part of the outsourcing contract concerning the preparation of reservoir hazard maps as part of rural area disaster prevention and mitigation projects, so the reservoir hazard maps produced did not properly show the places that would be hazardous during an evacuation.
 - f. Disposal of property obtained through subsidized projects without permission:

Part of cost of projects subsidized under the project to foster leading models for sixth industrialization was not eligible.
 - g. Improper calculation of subsidized amounts:

Improper calculation of amounts of subsidies for implementation of the project for measures to enhance systems for the production and supply of domestic agricultural products (tea replanting support program).
 - h. Improper management of property obtained through subsidized projects:

Improper management of anchor nets at intermediate scallop culture facilities developed with materials procured through the project for management support measures in specified regions.

Improprieties - Excessive payment of mass slaughter allowances for livestock.

Improprieties - Improper financial management related to surpluses in livestock insurance projects undertaken by agricultural insurance associations.

Demand for Measures 34 - Implementation of the disaster preparedness information network for national land development and improvement facilities project.

Demand for Measures 34 - Estimate of cost of contracting out grading services of each log.

Demand for Measures 34 36 Presentation of Opinions 36 - Operation of the system for payment to the national treasury for the proceeds of selling electricity from small hydroelectric power generation facilities developed through the agriculture and rural area development project.

Demand for Measures 36 - Evaluation of the achievement status of projects implemented to revitalize rural areas.

Demand for Measures 36 - Proper planning of soil conservation projects that help to strengthen measures against mountain disasters in hazard zones and their coordination with measures focused on soft infrastructure.

Demand for Measures 36 - Implementation of the project to support expansion of rice supply and demand throughout the year.

Measures Taken - Implementation of sales via the stable supply system for raw materials from National Forests.

Measures Taken - Estimate of costs for commissioned work for emergency action to eliminate major pests.

Measures Taken - Cost burden arising from relocation of facilities used for other purposes that impede the implementation of government-managed upgrading projects.

Measures Taken - Coastal agricultural land projects.

Measures Taken - Calculation of the quantity of vaccines to be stockpiled to prevent the spread of avian influenza.

Measures Taken - Operation of subsidies for improvement of coastal fishery.

Measures Taken - Support program for enhancement of fisheries in producing areas.

Measures Taken - Financial management related to surpluses generated by agricultural insurance associations in the operation of the agricultural disaster compensation system.

(9) Ministry of Economy, Trade and Industry

Improprieties - Transfer of equipment obtained through projects subsidized by the SME cooperatives joint-use facilities disaster recovery subsidy without permission.

Demand for Measures 34 36 - Implementation status of the program of support measures to accelerate the use of heat generated by renewable energy.

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

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

- a. Improper calculation of subsidized amounts:
 - (a) Improper calculation of eligible project costs in the project to develop serviced housing for the elderly, due to the inclusion of sums not paid in the subsidized project cost.
 - (b) Excessive grant payment due to improper calculation of amounts equivalent to consumption tax.
 - (c) Improper calculation of eligible project costs, due to reports of the payment of costs that had not been paid or inclusion of costs not eligible for subsidies in the eligible project costs.
 - (d) Excessive grant payment due to improper calculation of grants.
 - (e) Excessive construction cost due to the wrong soil volume being included when changing the design.
 - (f) Improper calculation of compensation concerning relocation of overhead transmission lines.
 - (g) Excessive payment of grants due to improper calculation of cost of subsidized projects relating to dredging work.
- b. Improper design of works:
 - (a) Improper design of bridge displacement limitation structures.
 - (b) Improper design of foot protection works.
 - (c) Improper design of floors in public housing.
 - (d) Improper design of bridge lateral displacement constraint structures.
 - (e) Improper design of retaining walls.
 - (f) Excessive construction cost due to insufficient consideration of the reuse of mooring buoys.

- (g) Improper design of bank protection works.
- c. Improper use of funds created by subsidies:
Excessive funds created due to improper calculation of the cost of projects relating to cheaper rent on public housing for disaster victims.
- d. Not eligible for a subsidy:
 - (a) Project to develop serviced housing for the elderly was not eligible, as work on the project had started before the decision to subsidize it was made.
 - (b) Part of cost of projects subsidized under the Disaster Prevention and Safety Grant program was not eligible.
- e. Improper treatment of contracts for construction works:
Comparatively high contract price and improper decision on successful bidders, due to miscalculation of the lower limit price.

Presentation of Opinions 36 - Cost burden associated with measures to deal with sub-surface cavities under national highways.

Measures Taken - Cost burden associated with construction of expressway interchanges for regional revitalization.

Measures Taken - Estimate concerning pumps to be installed for pumping work in sewerage projects.

Measures Taken - Ex-post evaluation in remote islands revitalization grant projects.

Measures Taken - Scope of subsidized projects when improving lighting facilities as airport improvement projects.

(11) Ministry of the Environment

Improprieties - Financial management has been grossly mismanaged due to failure to collect some park admission fees.

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

- a. Excessive payment of subsidies:
 - (a) Excessive payment of grants due to improper calculation of site management expenses in subsidized projects for promoting establishment of a sound material-cycle society.
 - (b) Excessive payment of grants due to fees for commissioned work being included in construction expenses instead of office expenses in subsidized projects for promoting establishment of a sound material-cycle society.
 - (c) Excessive payment of grants due to a failure to deduct iron scraps sales revenue from project cost in subsidized projects for promoting establishment of a sound material-cycle society.
- b. Improper use of funds created by subsidies:
Improper design and construction of facilities in projects financed by funds for supporting local governments introducing renewable energy.
- c. Not eligible for a subsidy:
 - (a) Cost incurred for maintenance of buildings of subsidized projects for promoting establishment of a sound material-cycle society was not eligible for such grant.
 - (b) Part of cost of projects subsidized with subsidies for measures to curb carbon dioxide emissions was not eligible.
- d. Improper design of works:
Improper design of foundations of solar power generation facilities developed with subsidies for measures to curb carbon dioxide emissions.

- e. Excessive billing of subsidized project cost:
Excessive billing of projects subsidized with subsidies for measures to curb carbon dioxide emissions.

Demand for Measures ③4 - Management of goods obtained through outsourced projects.

Demand for Measures ③4 - Decision on ability of recycling facilities at sludge recycling and treatment centers developed under subsidized projects for promoting establishment of a sound material-cycle society.

(12) Ministry of Defense

Improprieties - Excessive payment of costs for security operations as part of work to relocate a helipad.

Improprieties - Excessive procurement of software licenses and software upgrade rights.

Presentation of Opinions ③6 - Development of a pilot model system for the integrated management and analysis of data on defense equipment costs.

Measures Taken - Procurement of equipment and materials for long-term storage via bulk purchasing.

Measures Taken - Procurement of replacement uninterruptible power supply systems for equipment.

Measures Taken - Property around defense facilities acquired to prevent noise disturbance and owned as national land.

Measures Taken - Inclusion of goods fitted to aircraft in reports on the changes in volume of goods and their current value.

Measures Taken - Collection of parts from tanks due to discontinuation of their intended purpose.

B Improper/Unreasonable Matters by Entity

(1) The Okinawa Development Finance Corporation

Measures Taken - Management of credit risk arising from rental housing loans.

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

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

(3) Bank of Japan

Improprieties - Fraud by officials.

(4) Japan Racing Association

Demand for Measures ③4 ③6 - Calculation of amounts of subsidies for the livestock industry promotion project.

(5) Japan Environmental Storage & Safety Corporation

Measures Taken - Estimate of costs for repair work of polychlorinated biphenyl waste disposal facilities.

(6) East Nippon Expressway Company Limited, (7) Central Nippon Expressway Company

Limited. (8) West Nippon Expressway Company Limited

Demand for Measures 34 Presentation of Opinions 36 - Inspection of road structures.

**((6) East Nippon Expressway Company Limited. (8) West Nippon Expressway Company Limited).
(9) Honshu-Shikoku Bridge Expressway Company Limited**

Measures Taken - Design and estimates concerning floor slab waterproofing work.

((8) West Nippon Expressway Company Limited)

Measures Taken - Estimate of cost for safety patrol personnel deployed on the Shin-Meishin Expressway construction project.

(10) Japan Health Insurance Association

Improprieties - Improper adjustment of double benefits: the injury and illness benefits under health insurance and the temporary absence from work compensation benefits under workers' accident compensation insurance.

(11) Japan Pension Service

Improprieties - Improper contract procedures relating to outsourcing contracts for inspection of dependent declaration forms.

Demand for Measures 34 - Payments by the Japan Pension Service to the Japan Agency for Local Authority Information Systems of fees for the provision of information to check identity.

Demand for Measures 34 36 Presentation of Opinions 36 - Administration relating to the coordination of pension benefits and damages concerning accidents caused by third parties.

(12) National Institution for Youth Education

Measures Taken - Account processing concerning the improvement or repair of tangible fixed assets.

(13) National Research Institute for Earth Science and Disaster Resilience

Measures Taken - Rent of land for storing structures used in experiments at the 3-D Full-Scale Earthquake Testing Facility.

(14) Forest Research and Management Organization

Demand for Measures 36 - Calculation of sum subject to profit-sharing concerning thinning (logging) carried out as part of cultivation in water resource conservation forest development projects.

(15) Japan International Cooperation Agency

Presentation of Opinions 36 - The effect of official development assistance.

(16) RIKEN (The Institute of Physical and Chemical Research)

Measures Taken - Calculation of the estimated cost of the facility management services.

(17) Welfare And Medical Service Agency

Improprieties - Excessive payment of subsidies for social welfare promotion projects.

Presentation of Opinions 36 - Scale of government contribution to the Welfare And Medical

Service Agency's account for loans secured by workers' accident pensions.

(18) Information-Technology Promotion Agency, Japan

Measures Taken - Contract methods for worker dispatch contracts.

(19) Japan Atomic Energy Agency

Improprieties - Comparatively high contract price for service contracts and purchase agreements relating to the Monju prototype fast breeder reactor.

(20) Organization for Workers' Retirement Allowance Mutual Aid

Measures Taken - Forwarding of funds transfer notifications concerning Small & Medium Enterprises Retirement Allowance Mutual Aid contracts.

(21) The University of Tokyo

Improprieties - Improper accounting of reserve funds for refunds arising from improper use of research funds.

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

Measures Taken - Use of the postage discount system.

(23) Shoko Chukin Bank

Improprieties - Gross improprieties in the provision of loans and interest subsidies for crisis response operations.

Measures Taken - Crisis response reserve fund of the Shoko Chukin Bank.

(24) NTT Communications Corp. (25) NTT East (Nippon Telegraph and Telephone East Corp.),

(26) NTT West (Nippon Telegraph and Telephone West Corp.)

Measures Taken - Deployment of vehicle-mounted generators.

C Special Report to the Diet and the Cabinet, and Special Report on audit requested by the Diet, etc.

(1) Special Report to the Diet and the Cabinet

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

- State of application of special taxation measures (related to inheritance tax).
- State of improvements to and operation of government ministries and agencies' disaster information systems.
- Operational status of public-private investment funds.
- State of expenditure associated with United States Forces Japan.
- State of research and development concerning the Monju prototype fast breeder reactor and future decommissioning measures.
- Supply of risk capital for oil and natural gas exploration.
- State of implementation of crisis response operations at the Shoko Chukin Bank.

(2) Special Report on audit requested by the Diet

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

- Sale of national land to the Moritomo Gakuen.
- State of implementation of national government support for nuclear-related damages associated with Tokyo Electric Power Company.
- State of initiatives ahead of the Tokyo Olympic and Paralympic Games.

(3) Report on Specific Matters

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

- Social security trends and their impact on the State's fiscal consolidation.
- State of taxation of income associated with winnings from horse racing.
- Waiver of consumption tax liability for sole proprietors who have begun doing business, having undertaken business succession in accordance with the procedures for opening and closing businesses.
- Impact of quantitative and qualitative monetary easing on the financial position of the Bank of Japan.
- Financial status of hospitals established by the National Hospital Organization.