

## II Summary of Audit Results

### 1. Audit Results by Category and by Auditee

The total number of cases listed in the Audit Report for FY2018 was 335. Of these, the number of cases which were found not appropriate (Improper/Unreasonable Matters) was 325 and the improper amounts<sup>1</sup> totalled 100,230.58 million yen. (There were also background amounts<sup>2</sup> concerning the problem cases.) The following Table 1 shows the breakdown of the 335 cases by category.

Table 1: Audit Findings by Category

Category	Number of audit cases	Improper amounts (Unit: million YEN)
• Improprieties <sup>(Note 1)</sup>	254	5,721.87
• Presentation of Opinions and/or Demand for Measures <sup>(Note 2)</sup>	27 <sup>(Note 7)</sup>	57,600.59
• Measures Taken <sup>(Note 3)</sup>	44 <sup>(Note 7)</sup>	36,909.37
Total of Improper/Unreasonable Matters	325	100,230.58 <sup>(Note 8)</sup>
• Special Report to the Diet and the Cabinet <sup>(Note 4)</sup>	4	
• Special Report on Audit Requested by the Diet <sup>(Note 5)</sup>	2	
• Report on Specific Matters <sup>(Note 6)</sup>	4	
Grand total	335	

(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 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) 12 cases of “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, in multiple situations, have both improper amounts and background amounts.
- (Note 8) 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.

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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 financial statements.

<sup>2</sup> 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 325 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 1)		Measures Taken (Note 1)		Total (Note 1)	
	Cases	Amount	Article (Note 2) /Cases	Amount	Cases	Amount	Cases	Amount
Diet (House of Representatives)			③⑥ 1	944.48			1	944.48
Cabinet (Cabinet Secretariat)			(Note 3) ③④ · ③⑥ 1	(Note 3)			(Note 3) 1	(Note 3)
Cabinet Office	11	175.40	(Note 4) ③④ · ③⑥ 1 (Note 9) ③⑥ 2	(Note 4) 4,026.75 (49.33)			(Note 4) (Note 9) 14	(Note 4) 4,202.15 (49.33)
Cabinet Office (Imperial Household Agency)					1	58.46	1	58.46
Cabinet Office (Financial Services Agency)					1	20.25	1	20.25
Ministry of Internal Affairs and Communications	8	678.55	(Note 3) (Note 4) ③④ · ③⑥ 2 ③⑥ 2	(Note 3) (Note 4) 3,452.74 1,319.46	1	229.50	(Note 3) (Note 4) 13	(Note 3) (Note 4) 5,680.25
Ministry of Justice					1	2,358.45	1	2,358.45
Ministry of Foreign Affairs			(Note 5) , (Note 9) ③⑥ 2	(Note 5) 8,015.11 (13,176.89)	1	29.94	(Note 5) (Note 9) 3	(Note 5) 8,045.05 (13,176.89)
Ministry of Finance	1	212.79			4	15,236.17 (1,185.42)	5	(Note 8) 15,447.71 (1,185.42)
Ministry of Education, Culture, Sports, Science and Technology	36	664.74	③④ · ③⑥ 1	243.05	2	4,034.72	39	4,942.51
Ministry of Health, Labour and Welfare	81	1,843.69	③④ 1 (Note 9) ③④ · ③⑥ 3 (Note 9) ③⑥ 2	39.94 317.97 (1,212.37) 36.58 (343,729.57) (291.44)	4	303.22	(Note 9) 91	(Note 9) 2,541.40 (1,212.37) (343,729.57) (291.44)

Auditee \ Category	Improprieties		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Cases	Amount	Article (Note 2) /Cases	Amount (Note 1)	Cases	Amount (Note 1)	Cases	Amount (Note 1)
Ministry of Agriculture, Forestry and Fisheries	39	471.81	③④ 1 (Note 9) ③⑥ 3	26,77 13,572.99 (10,352.02) (2,383.10)	2	36.59 (1,809.13)	(Note 9) 45	14,108.16 (10,352.02) (2,383.10) (1,809.13)
Ministry of Economy, Trade and Industry	15	86.94	(Note 6) ③⑥ 1	(Note 6) 20,261.03			(Note 6) 16	(Note 6) 20,347.97
Ministry of Land, Infrastructure, Transport and Tourism	23	(Note 7) 337.81	③④ 1 (Note 9) ③⑥ 1	2,680.60 816.55 (1176.76)	5	610.76 (94,513.37)	(Note 9) 30	(Note 7) 4,445.72 (1,176.76) (94,513.37)
Ministry of the Environment	19	303.93	③⑥ 1	135.89	3	876.39	23	1,316.21
Ministry of Defense	1	21.74			(Note 9) 8	9,511.17 (5,036.82)	(Note 9) 9	9,532.91 (5,036.82)
The Promotion and Mutual Aid Corporation for Private Schools of Japan	12	278.40					12	278.40
Bank of Japan					1	9.70	1	9.70
Japan Racing Association			③⑥ 1	1,544.84			1	1,544.84
Tokyo Metro Co., Ltd.	1	17.10					1	17.10
East Nippon Expressway Company Limited					(Note 9) 1	148.89 (1,115.14)	(Note 9) 1	148.89 (1,115.14)
Central Nippon Expressway Company Limited					(Note 9) 1	26.78 (103.16)	(Note 9) 1	26.78 (103.16)
West Nippon Expressway Company Limited					(Note 9) 1	55.57 (637.84)	(Note 9) 1	55.57 (637.84)
Honshu-Shikoku Bridge Expressway Company Limited					(Note 9) 1	59.64 (427.03)	(Note 9) 1	59.64 (427.03)
Japan Pension Service	1	1.30	③④ 1	66.74			2	68.04

Auditee \ Category	Improprieties		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Cases	Amount	Article (Note 1) /Cases	Amount (Note 1)	Cases	Amount (Note 1)	Cases	Amount (Note 1)
National Museum of Art	1	5.30					1	5.30
Japan International Cooperation Agency (JICA)			(Note 5) ③⑥ 1	(Note 5)			(Note 5) 1	(Note 5)
Japan Sport Council					1	83.77	1	83.77
Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers	1	3.53					1	3.53
Japan Oil, Gas and Metals National Corporation (JOGMEC)					1	119.66	1	119.66
National Hospital Organization	1	35.82					1	35.82
Organization for Small & Medium Enterprises and Regional Innovation, Japan			(Note 6) ③⑥ 1	(Note 6)			(Note 6) 1	(Note 6)
Urban Renaissance Agency					1	1,950.21	1	1,950.21
Japan Expressway Holding and Debt Repayment Agency			③⑥ 1	99.10			1	99.10
Japan Atomic Energy Agency					1	1,096.75	1	1,096.75
Japan Community Health care Organization	1	26.67					1	26.67
University of Yamanashi	1	455.54					1	455.54
Kobe-Osaka International Port Corporation	1	(Note 7) 200.65					1	(Note 7) 200.65
Japan Post Co., Ltd.					1	50.83	1	50.83
Tokyo Electric Power Company Holdings, Inc.					(Note 9) 1	1.95 (20313.99)	(Note 9) 1	1.95 (20313.99)
Total	254	(Note 7) 5721.87	(Note 3), (Note 4) (Note 5), (Note 6) 27	57600.59	44	36909.37	(Note 3) (Note 4) (Note 5) (Note 6) 325	(Note 7), (Note 8) 100,230.58

- (Note 1) 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 2) 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 3) Although one case involves both the Cabinet (Cabinet Secretariat) and the Ministry of Internal Affairs and Communications, the amount has been listed only in the column of the Ministry of Internal Affairs and Communications. In addition, duplication has been eliminated from the total number of cases.
- (Note 4) Although one case involves both the Cabinet Office and the Ministry of Internal Affairs and Communications, the amount has been listed only in the column of the Ministry of Internal Affairs and Communications. In addition, duplication has been eliminated from the total number of cases.
- (Note 5) 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 6) Although one case involves both the Ministry of Economy, Trade and Industry and the Organization for Small & Medium Enterprises and Regional Innovation, Japan, the amount has been listed only in the column of the Ministry of Economy, Trade and Industry. In addition, duplication has been eliminated from the total number of cases.
- (Note 7) One case involves both the Ministry of Land, Infrastructure, Transport and Tourism and Kobe-Osaka International Port Corporation, and duplication has been eliminated from the total amount.
- (Note 8) One case is counted both as “Improprieties” and “Measures Taken” (Case of excess and deficiency in collection of taxes). As such duplication is deducted from the total, adding each improper amount does not correspond with the total.
- (Note 9) Concerning the categories “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, 12 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) Diet**

(House of Representatives)

Presentation of Opinions 36 - Effective use of national property

#### **(2) Cabinet Office**

(Cabinet Office)

Improprieties - Excessive payment of costs for commissioned work under outsourcing contracts for abandoned chemical weapon disposal projects

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

- a. Improper calculation of subsidized amounts:
  - (a) Excessive payment of child and child-rearing support grants (the portion for the after-school classes for children project)
  - (b) Excessive payment of child and child-rearing support grants (the portion for the community child care support centers project)
- b. Excessive billing of subsidized project cost:
  - (a) Excessive billing of the cost of projects eligible for a State contribution towards benefits for children's education and care
  - (b) Excessive billing of the cost of developing company-run childcare facilities under the company-run childcare project
  - (c) Excessive billing of the cost of projects implemented with subsidies for maintaining and advancing local communities on specific inhabited remote border islands
- c. Not eligible for a subsidy:

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 for the subsidy.
- d. Improper design of works:

Improper design of protective fence work

Demand for Measures 36 - Use of dedicated lines and installation of communications equipment under the emergency contact network development project

Demand for Measures 36 - Setting of enrollment limits in the development of company-run childcare facilities

(Imperial Household Agency)

Measures Taken - Management of advance payments in respect of visits to foreign countries by accounting officials responsible for advance payments

(Financial Services Agency)

Measures Taken - Equipment usage fees associated with contracts for the provision of information

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

Improprieties - Excessive purchase of paper and its printing when calculating the number of questionnaires to be procured for the Population Census

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

- a. Excessive payment of an extraordinary grant for heightening regional vitality (local economy vitalization/employment creation)
- b. Improper design of measures to deal with lightning strikes on relay stations developed with subsidies for projects to support widespread use of wireless systems

Demand for Measures ③⑥ - The effects of the regional economic circulation creation project grants

Demand for Measures ③⑥ - Implementation status of projects undertaken with subsidies for information and communication technology utilization and application projects

Measures Taken - Prices recorded in the national property register after repairs

#### **(4) Ministry of Justice**

Measures Taken - Management of administrative assets associated with branches of the Public Prosecutors Office and the Local Public Prosecutors Office that are not permanently staffed

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

Presentation of Opinions ③⑥ - The effects of official development assistance

Presentation of Opinions ③⑥ Demand for Measures ③⑥ - Efficient use of grants provided as grant assistance (Economic and Social Development Programme)

Measures Taken - Assistance for Japanese schools overseas

#### **(6) Ministry of Finance**

Improprieties - Cases of excess and deficiency in tax collection

Measures Taken - Review of applications of special provisions concerning mortgage tax deductions, special provisions concerning transfers and special provisions concerning gifts

Measures Taken - Imposition of consumption tax in the event that sole proprietors have closed their business

Measures Taken - Leases concerning ancillary facilities for large-scale X-ray devices for inspecting container cargoes

Measures Taken - Equipment usage fees associated with contracts for the provision of information

#### **(7) 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 promoting partnership and cooperation between schools, homes, and communities
- b. Excessive payment of subsidies for the cost of support for students in rural areas
- c. Excessive payment of subsidies for disaster mutual aid schemes (subsidies to refund payments of mutual aid premiums by parents and guardians of aid-requiring children and quasi-aid-requiring children)
- d. Excessive use of funds in projects implemented using funds created by extraordinary special grants for childcare support (the portion for Certified Centers for Early Childcare and Education improvement projects)
- e. Excessive payment of subsidies for aid to operating expenses of private high schools (general subsidy)
- f. Excessive payment of subsidies for aid to operating expenses of private high schools (expenses for kindergarten and other special needs education)



- g. Excessive payment of subsidies for improvement of private school facilities (private kindergarten facility improvement expenses)
- h. Excessive payment of subsidies for improvement of private school facilities (projects to promote education and research facilities, educational devices, and ICT use)
- i. Excessive payment of subsidies for improving facilities to revitalize education and research at private universities
- j. Excessive payment of grants for improvement of school facilities and the environment
- k. Excessive payment of grants for public investment for promotion of Okinawa (projects concerning improvement of school facilities and the environment)
- l. Excessive State contribution to the cost of compulsory education

**Measures Taken** - Calculation of amounts of subsidies for improvement of facilities at National University Corporations

**Measures Taken** - Value of impairment recorded in the business operation cost statement of the National University Corporation

### **(8) 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** - Improper payment of employment adjustment subsidies under employment insurance

**Improprieties** - Improper payment of human resource development support grants 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 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 billing of projects with subsidies for operating expenses of medical facilities (the portion for projects to support certification of medical specialists)
- b. Excessive billing of projects with subsidies for operating expenses of medical facilities (the portion for projects involving the operation of medical institutions designated for infectious diseases)
- c. Excessive use of funds in projects implemented using fund created by grants for promoting reform of medical and long-term care provision systems (the portion for medical care projects)
- d. Objectives of subsidies not achieved in projects implemented using funds created by extraordinary special grants for the regeneration of community medicine
- e. Excessive payment of State contribution to medical treatment benefits under national health insurance

- f. Excessive payment of fiscal adjustment grants under national health insurance
- 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. Excessive State contribution to the livelihood assistance subsidy
- i. Excessive State contribution to the benefits for services and supports for people with disabilities
- j. Excessive State contribution to disability benefits for children with disabilities in living support facilities
- k. Excessive State contribution to medical expenses for people with disabilities
- l. Excessive State contribution to ordinary adjustment grants for nursing care insurance
- m. Excessive billing of costs eligible for the subsidy under the project to secure employment opportunities for elderly persons (Silver Human Resources Center Project)
- n. Excessive billing of the costs of projects implemented with comprehensive support grants for disaster victims

**Improprieties** - Improper State contribution to nursing care benefits for elderly persons under nursing care insurance

**Improprieties** - Improper State contribution to training benefits included in benefits for services and supports

**Improprieties** - Improper State contribution to outpatient benefits for children with disabilities

**Demand for Measures 34** - Calculation of benefits for the employment transition support project for people with disabilities

**Demand for Measures 34 36** - Projects implemented using funds created by grants for promoting reform of medical and long-term care provision systems

**Demand for Measures 34 36** - Financial management related to the implementation of the Basic Survey on Wage Structure

**Presentation of Opinions 36** - Review of medical receipts by National Health Insurance Organizations by means of computer checks

**Demand for Measures 36** - Setting of prices for medical examinations related to the secondary health examination benefit

**Measures Taken** - Implementation of projects for the installation of sprinklers in clinics with inpatient beds

**Measures Taken** - Grants related to review fees for the nursing care benefit

**Measures Taken** - Project to subsidize measures for the prevention of passive smoking

**Measures Taken** - Payment of incentives for accredited vocational training

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

**Improprieties** - Purpose of works conducted to implement comprehensive disaster prevention projects targeting state-owned agricultural land not achieved, as the required level of safety for box culverts was not ensured, due to improper design of foundation piles

**Improprieties** - Purpose of work conducted to implement forest repair and conservation projects not achieved, as the required level of safety was not ensured, due to differences between the design of the erosion control dam and its construction

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

- a. Improper calculation of subsidized amounts:

- (a) Improper calculation of amounts of subsidies for implementation of the business fostering assistance project (business fostering assistance project for disaster-stricken farmers)
- (b) Errors in application of the subsidy rate for implementation of the grant program for development of measures to enhance agriculture and the food industry
- (c) Improper calculation of amounts of subsidies for implementation of the project for urgent measures to enhance livestock competitiveness
- b. Subsidized objective not achieved:
  - Grant sums were determined on the basis that projects had been completed properly, even though the strength of low-cost weather-resistant houses did not meet the standard to be eligible for the grant.
- c. Improper use of funds created by subsidies:
  - (a) Excessive billing of costs eligible for the subsidy under projects implemented using funds created with subsidies for the cost of fisheries business stability measures (the portion for urgent measures for the introduction of equipment to enhance competitiveness)
  - (b) Excessive payment of subsidies for projects implemented using funds created with subsidies for the cost of fisheries business stability measures (the portion for projects to investigate and monitor operations by foreign fishing vessels)
  - (c) Livestock loans provided did not meet the requirements for subsidies and were therefore ineligible to be subsidized in projects implemented using funds created with subsidies for comprehensive measures to increase the earning capacity of livestock and dairy farming.
- d. Not eligible for a subsidy:
  - (a) Part of the cost of projects that received grants through the grant project concerning comprehensive measures to promote the symbiosis of cities and agricultural communities and interaction between them was not eligible.
  - (b) Part of the cost of projects that received grants through the grant project concerning measures to strengthen agriculture and the food industry was not eligible.
  - (c) Development of forestry roads conducted as forest environment conservation and enhancement project was not eligible for the subsidy.
  - (d) Thinning conducted as forest environment conservation and enhancement project was not eligible for the subsidy.
  - (e) Part of a multifunctionality payment grant was used for a purpose other than implementing activities positioned in the guiding principles for activities and was therefore ineligible.
- e. Improper design of works:
  - (a) Improper design of retention basins
  - (b) Improper design of conduits
  - (c) Improper design of sand control work
  - (d) Improper design of retaining walls
- f. Excessive billing of subsidized project cost:
  - (a) Excessive billing of the cost of trial projects to establish a model for improving productivity in agriculture through partnerships between the agricultural sector and the business community

- (b) Excessive billing of subsidized costs of technical guidance projects to reduce poverty and promote sustainable agriculture in Asia
- g. Improper design and construction of works:  
Improper design and construction of pumping station
- h. Disposal of property obtained through subsidized projects without permission:  
Unauthorized halting of a grant program for development of measures to enhance agriculture and the food industry, without seeking approval regarding the disposal of property
- i. Improper construction of works:  
Improper construction of bed protection work
- j. Excessive estimate of the cost of works:  
Excessive estimate of general administrative expenses related to electrical equipment work at sewerage facilities in projects implemented by regional revitalization promotion grants
- k. Improper plans:  
Improper plans for implementation of reservoir decommissioning work
- Demand for Measures 34 - Calculation of amounts of grants to extend operational life in projects funded by multifunctionality payment grants
- Demand for Measures 36 - Disaster prevention and mitigation projects involving reservoirs
- Demand for Measures 36 - Checking seismic performance of management facilities for securing the functions of important equipment at dams and headworks following major seismic motion
- Demand for Measures 36 - Loans to Fisheries Credit Guarantee Fund Associations by the Agriculture, Forestry and Fisheries Credit Foundations
- Measures Taken - Use of OCR equipment procured for use with the agriculture, forestry and fisheries statistics system
- Measures Taken - Implementation of projects for measures to enable the fisheries industry to fulfill multifaceted functions

**(10) Ministry of Economy, Trade and Industry**

- Improprieties - Improper execution of and accounting for projects with subsidies or grants:
  - a. Improper design of works:
    - (a) Improper design of water tanks
    - (b) Improper design of street lights
    - (c) Improper design of lighting facility installation work
    - (d) Improper design of farm road-crossings
  - b. Not eligible for a subsidy:
    - (a) Part of the cost of projects subsidized for disaster recovery of the SME cooperatives joint-use facilities was not eligible for the subsidy.
    - (b) Project for measures to promote the introduction of heat generated locally by renewable energy was implemented by a body that was not a project implementing body and was therefore not eligible for the subsidy.
    - (c) Part of the cost of projects implemented with subsidies to support projects to promote understanding of geothermal development was not eligible.
    - (d) Part of the cost of projects with subsidies for projects to support regional and downtown commercial revitalization was not eligible.
  - c. Excessive billing of subsidized project cost:

- (a) Excessive billing of projects with subsidies to encourage regional investment in the future
- (b) Excessive billing of project costs as the project costs for implementing the program of measures to support business operators generating heat using renewable energy were lower than stated in the performance report
- d. Disposal of property obtained through subsidized projects without permission:  
Unauthorized demolition of facilities developed under projects carried out with subsidies to support regional and downtown commercial revitalization
- e. Use for purpose other than subsidized objective:  
Use of funds created by subsidies for credit guarantee corporations intended to facilitate financing for purpose other than subsidized objective
- f. Improper use of funds created by subsidies:  
Excessive billing of project costs for subsidy programs for funds focused on projects implemented using funds created with subsidies to support prototype development by manufacturing SMEs and micro enterprises
- g. Unnecessary payment of subsidies:  
Payment of disaster recovery subsidy for SME cooperatives joint-use facilities was unnecessary
- h. Improper construction of works:  
Improper construction of ancillary road works

Presentation of Opinions 36 - Scale of government contribution to the type 2 credit guarantee fund held by the Organization for Small & Medium Enterprises and Regional Innovation, Japan

**(11) 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 compensation concerning relocation of communication lines and water pipes
  - (b) Improper calculation of compensation concerning relocation of buildings
  - (c) Excessive subsidy payment due to improper calculation of subsidized amounts
  - (d) Comparatively high contract price due to the wrong number of items of equipment being designed
  - (e) Improper calculation of compensation concerning relocation of machinery and equipment
- b. Improper design of works:
  - (a) Improper design of rock fall protection works
  - (b) Improper design of foot protection works
  - (c) Improper design of an anti-corrosion work for steel sheet pilings
  - (d) Improper design of bank protection works
  - (e) Improper design of retaining walls
- c. Excessive estimate of the cost of works:
  - (a) Excessive estimate of general administrative expenses related to electrical equipment work at sewerage facilities in projects implemented by regional revitalization promotion grants
  - (b) Excessive estimate of the cost of hopper barge transport related to dredging work

- d. Improper design and construction of works:  
Improper design and construction of a lighting control desk relocation work
  - e. Not eligible for a subsidy:  
Project was subsidized on the basis of a false performance report stating that the project had been completed and was therefore not eligible for the subsidy.
  - f. Improper plans:  
Excessive construction cost due to an improper plan for an electrical corrosion work
- Demand for Measures 34 - Calculation of usage fees for administrative assets related to a government-managed airport land
- Demand for Measures 36 - Provision of guidance and advice to owners of buildings that have undergone evaluation of seismic capacity under the program to form a safe stock of housing and buildings
- Measures Taken - Implementation of subsidized program for the cost of surveys to promote development of land registers
- Measures Taken - Number of spare blades required for patrol boat propellers
- Measures Taken - Electrical equipment installed in disaster prevention facilities of river management facility
- Measures Taken - Design of steel sheet piling work for river works
- Measures Taken - Estimate of the cost of a work to install telemetry apparatus used in river management

**(12) Ministry of the Environment**

- Improprieties - Purpose of the work conducted to implement a park maintenance work in National Parks not achieved, as the required level of safety for the bridge superstructure work was not ensured, due to an improper design
- Improprieties - Improper execution of and accounting for projects with subsidies or grants:
- a. Improper use of funds created by subsidies:  
Improper design of facilities in projects financed by funds for supporting local governments introducing renewable energy
  - b. Not eligible for a subsidy:
    - (a) Cost incurred for development of buildings in subsidized projects for promoting establishment of a sound material-cycle society was not eligible for the subsidy.
    - (b) Part of cost of projects with subsidies for disaster waste disposal was not eligible for the subsidy.
    - (c) Part of cost of projects with subsidies for measures to curb carbon dioxide emissions was not eligible for the subsidy.
  - c. Excessive payment of subsidies:  
Excessive payment of grants due to improper calculation of site management expenses in subsidized projects for promoting establishment of a sound material-cycle society
- Demand for Measures 36 - Revision of standard work costs for grants related to the installation of septic tanks
- Measures Taken - Leases concerning on-site laboratories
- Measures Taken - Procurement of cooling water at waste disposal facilities
- Measures Taken - Estimate of material costs for large sandbags used in a decontamination work

### **(13) Ministry of Defense**

Improprieties - Purpose of replacing anti-trespass fences not achieved

Measures Taken - Repayments related to contributions paid to the U.S. government under the Foreign Military Sales scheme

Measures Taken - Dedicated uninterruptible power supply systems procured when installing and replacing IT systems

Measures Taken - Management and operation of outdoor communication systems

Measures Taken - Service agreements on maintenance and management for Maritime Self-Defense Force repair, maintenance, and supply systems (open type)

Measures Taken - Maintenance checks of automatic noise measurement devices

Measures Taken - Estimate of shared costs for work related to enhancement of defense facilities on islands

Measures Taken - Recording of equipment and materials procured for use in maintenance in the goods management book, where such items are imported and delivered over multiple fiscal years

Measures Taken - Lightning arresters connected to air-to-air radios

### **(14) Cabinet (Cabinet Secretariat), (3. Ministry of Internal Affairs and Communications)**

Demand for Measures (34) Presentation of Opinions (36) - Development of a secure zone on the government common platform

#### **(2. Cabinet Office (Cabinet Office), 3. Ministry of Internal Affairs and Communications)**

Demand for Measures (34) (36) - Calculation of special allocation tax for soft infrastructure projects implemented to revitalize city centers

#### **(7. Ministry of Education, Culture, Sports, Science and Technology, 8. Ministry of Health, Labour and Welfare)**

Demand for Measures (34) (36) - Calculation of amounts of subsidies for projects to develop facilities for Certified Centers for Early Childcare and Education

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

### **(1) The Promotion and Mutual Aid Corporation for Private Schools of Japan**

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

### **(2) Bank of Japan**

Measures Taken - Equipment usage fees associated with contracts for the provision of information

### **(3) Japan Racing Association**

Demand for Measures (36) - Effective use and disposal of land not used for business purposes

### **(4) Tokyo Metro Co., Ltd.**

Improprieties - Comparatively high contract price for carrying out work to improve anti-trespass fences at railyards, due to incorrect estimate of fence installation costs

**(5) East Nippon Expressway Company Limited, (6) Central Nippon Expressway Company Limited, (7) West Nippon Expressway Company Limited, (8) Honshu-Shikoku Bridge Expressway Company Limited**

Measures Taken - Implementation status of disaster prevention measures by expressway companies

**(9) Japan Pension Service**

Improprieties - Fraud by officials

Demand for Measures ③4 - Delivery of notifications

**(10) National Museum of Art**

Improprieties - Comparatively high contract price for carrying out refurbishment work on buildings and facilities, due to incorrect estimate of shutter part replacement costs

**(11) Japan International Cooperation Agency**

Presentation of Opinions ③6 - The effects of official development assistance

**(12) Japan Sport Council**

Measures Taken - Calculation of reserves for payments related to the disaster mutual aid scheme account

**(13) Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers**

Improprieties - Implementation of unnecessary repair work for employee lodgings, due to inadequate consideration of the review of services in light of measures to discontinue new occupancies and the occupancy status of employee lodgings

**(14) Japan Oil, Gas and Metals National Corporation (JOGMEC)**

Measures Taken - Oil stockpiling program subsidy related to the Niigata joint oil stockpiling facility

**(15) National Hospital Organization**

Improprieties - Breach of accounting regulations in payment of increased amount resulting from design alteration work

**(16) Organization for Small & Medium Enterprises and Regional Innovation, Japan**

Presentation of Opinions ③6 - Scale of government contribution to the type 2 credit guarantee fund held by the Organization for Small & Medium Enterprises and Regional Innovation, Japan

**(17) Urban Renaissance Agency**

Measures Taken - Financial assets held by a subsidiary responsible for managing housing complexes

**(18) Japan Expressway Holding and Debt Repayment Agency**

Demand for Measures ③6 - Effective use of land under elevated roads



**(19) Japan Atomic Energy Agency**

Measures Taken - Fabrication of fuel elements used in the JMTR testing and research reactor

**(20) Japan Community Health care Organization**

Improprieties - Fraud by officials

**(21) University of Yamanashi**

Improprieties - Improper presentation of financial statements

**(22) Kobe-Osaka International Port Corporation**

Improprieties - Excessive payment of outsourcing fees for container consolidation project

**(23) Japan Post Co., Ltd.**

Measures Taken - Procurement of Japan Post counter terminal machines

**(24) Tokyo Electric Power Company Holdings, Inc.**

Measures Taken - Facing carried out on-site at Fukushima Daiichi Nuclear Power Station

**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:

- Status of application and review of special taxation measures (special provisions concerning SME allowance for doubtful accounts)
- Funds established by local governments with government subsidies
- Status of the National Pensions Special Account and pension reserves managed and operated by the Government Pension Investment Fund
- Response of competent ministries and incorporated administrative agencies to institutional revisions resulting from the reform of incorporated administrative agencies

**(2) Special Report on audit requested by the Diet**

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

- Measures concerning revitalization of urban centers
- Procurement of defense equipment via Foreign Military Sales (FMS)

**(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
- Status of application and review of special taxation measures (special provisions concerning mortgage tax deductions and special provisions concerning transfers)
- Status of polychlorinated biphenyl waste disposal project being implemented by Japan

Environmental Storage & Safety Corporation and status of financial burden on the government associated with said project

- Impact of quantitative and qualitative monetary easing on the financial position of the Bank of Japan