

II Summary of Audit Results

1. Audit Results by Category and by Auditee

The total number of cases listed in the Audit Report for FY2019 was 248. Of these, the number of cases which were found not appropriate (Improper/Unreasonable Matters) was 241 and the improper amounts¹ totalled 29,721.93 million yen. (There were also background amounts² concerning the problem cases.) The following Table 1 shows the breakdown of the 248 cases by category.

Table 1: Audit Findings by Category

Category	Number of audit cases	Improper amounts (Unit: million YEN)
• Improprieties ^(Note 1)	205	8,758.95
• Presentation of Opinions and/or Demand for Measures ^(Note 2)	14 ^(Note 7)	5,538.72
• Measures Taken ^(Note 3)	22 ^(Note 7)	15,424.26
Total of Improper/Unreasonable Matters	241	29,721.93
• Special Report to the Diet and the Cabinet ^(Note 4)	3	
• Special Report on Audit Requested by the Diet ^(Note 5)	2	
• Report on Specific Matters ^(Note 6)	2	
Grand total	248	

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

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 241 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
Cabinet Office	13	240.83	③⑥ 1	64.81	1	25.83	15	331.47
Reconstruction Agency	1	16.16					1	16.16
Ministry of Internal Affairs and Communications	6	454.11					6	454.11
Ministry of Foreign Affairs			(Note 3) (Note 6) ③⑥ 1	(Note 3) 8.09 (503.24)	1	5,760.00	(Note 3) (Note 6) 2	(Note 3) 5,768.09 (503.24)
Ministry of Finance	2	346.07			(Note 6) 1	291.34 (3,828.61)	(Note 6) 3	637.41 (3,828.61)
Ministry of Education, Culture, Sports, Science and Technology	19	163.29			1	(1,559.87)	20	163.29 (1,559.87)
Ministry of Health, Labour and Welfare	82	3,665.81	(Note 4) ③④ 1 (Note 6) ③④ • ③⑥ 1	682.60 (20,425.78)	2	(208.04) (3,287.24)	(Note 4) (Note 6) 86	(Note 4) 4,348.41 (20,425.78) (208.04) (3,287.24)
Ministry of Agriculture, Forestry and Fisheries	15	109.54	③⑥ 3	111.91 (14,061.48) (474.23)	3	293.80 (8,286.84)	21	515.25 (14,061.48) (474.23) (8,286.84)
Ministry of Economy, Trade and Industry	6	58.73	(Note 6) ③④ • ③⑥ 1 ③⑥ 1	59.88 (3,424.04) (18,780.31)			(Note 6) 8	118.61 (3,424.04) (18,780.31)
Ministry of Land, Infrastructure, Transport and Tourism	20	329.36	③⑥ 1	4,333.99	4	5,496.49	25	10,159.84

Auditee \ Category	Improprieties		Presentation of Opinions and/or Demand for Measures		Measures Taken		Total	
	Cases	Amount	Article (Note 2) /Cases	Amount (Note 1)	Cases (Note 1)	Amount (Note 1)	Cases (Note 1)	Amount (Note 1)
Ministry of the Environment	7	87.40			1	1,932.66	8	2,020.06
Ministry of Defense	2	11.00			3	846.87	5	857.87
The Promotion and Mutual Aid Corporation for Private Schools of Japan	1	1.81					1	1.81
Japan Pension Service	1	11.81	③④ (Note 4) 1	(Note 4) 43.45			(Note 4) 2	(Note 4) 55.26
National Institute of Advanced Industrial Science and Technology			③④ · ③⑥ 1	233.99			1	233.99
Japan agency of Maritime Education and Training for Seafarers					1	453.31	1	453.31
Japan International Cooperation Agency (JICA)			(Note 3) ③⑥ 1	(Note 3)			(Note 3) 1	(Note 3)
Japan Society for the Promotion of Science	2	(Note 5) 471.96					2	(Note 5) 471.96
Japan Organization of Occupational Health and Safety			③⑥ 1	(21,318.98)			1	(21,318.98)
National Hospital Organization	2	3.53	③⑥ 1	(11,056.06)			3	3.53 (11,056.06)
Japan Agency for Marine-Earth Science and Technology	1	70.01					1	70.01
Urban Renaissance Agency					(Note 6) 2	150.51 (120.21)	(Note 6) 2	150.51 (120.21)
Japan Atomic Energy Agency					1	62.95	1	62.95

Category Auditee	Improprieties		Presentation of Opinions and/or Demand for Measures (Note 1)		Measures Taken (Note 1)		Total (Note 1)	
	Cases	Amount	Article (Note 1) /Cases	Amount	Cases	Amount	Cases	Amount
Japan Community Health care Organization			③⑥ 1	(3,194.62)			1	(3,194.62)
Japan Housing Finance Agency	22	1,665.07					22	1,665.07
National Cancer Center	1	110.22					1	110.22
Kyoto University	1	(Note 5) 1,128.23					1	(Note 5) 1,128.23
Saga University	1	279.82					1	279.82
Hokkaido Railway Company					1	110.50	1	110.50
Total	205	(Note 5) 8,758.95	(Note 3), (Note 4) 14	5,538.72	22	15,424.26	(Note 3) (Note 4) 241	(Note 5) 29,721.93

(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 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 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 Japan Pension Service. In addition, duplication has been eliminated from the total number of cases.

(Note 5) Two cases involve both the Japan Society for the Promotion of Science and Kyoto University, and duplication has been eliminated from the total amount.

(Note 6) Concerning the categories “Presentation of Opinions and/or Demand for Measures” and “Measures Taken”, 5 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)

Improperities - 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 subsidies for maintaining and advancing local communities on specific inhabited remote border islands
 - (c) Excessive payment of regional revitalization promotion grants
- b. Subsidized objective not achieved:

Simplified electronic dosimeters not meeting the specifications posed a risk of failure to measure spatial radiation dose rate
- c. Excessive billing of subsidized project cost:

Excessive billing of the cost of projects eligible for a State contribution towards benefits for children's education and care
- d. Use for purpose other than subsidized objective:

The ambulance developed using the grant project for nuclear power plant emergency safety measures was used for unintended purposes.
- e. Not eligible for a subsidy:

Part of the cost of projects that were implemented using grants for establishment of regional revitalization bases was not eligible
- f. Excessive estimate of the cost of works:

Excessive estimate of the cost of transportation charges of Prestressed Concrete girders related to a bridge embankment
- g. Excessive receipt of subsidy:

Subsidy pertaining to the amount of consumption tax after deduction for purchase tax was not returned.

Demand for Measures ③⑥ - Implementation of child care for sick children at nurseries established by using subsidy for development of company-led childcare services project

Measures Taken - Estimate of costs for commissioned work for abandoned chemical weapon disposal projects

(2) Reconstruction Agency

Improperities - Excessive billing of the cost of projects implemented with comprehensive support grants for disaster victims

(3) Ministry of Internal Affairs and Communications

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

- a. Part of the cost of projects that were implemented using grants for heightening regional

- vitality (local economy vitalization/employment creation)
- b. Excessive payment of subsidies under the program to comprehensively support practical use of advanced telecommunication technologies
 - c. Part of the cost of projects implemented with subsidies for information and communication technology utilization and application projects (General Account) was not eligible.
 - d. Part of the cost of projects implemented with subsidies for information and communication technology utilization and application projects (Special Account for Reconstruction from the Great East Japan Earthquake) was not eligible.

Improprieties - Excessive payment of special allocation tax grant

Improprieties - Excessive payment of special allocation tax grant for post-disaster restoration due to improper cost calculation when calculating tax grant for post-disaster restoration

(4) Ministry of Foreign Affairs

Presentation of Opinions ③⑥ - The effects of official development assistance

Measures Taken - Implementation of International Solidarity projects

(5) Ministry of Finance

Improprieties - Cases of excess and deficiency in tax collection

Improprieties - Use of national property land is permitted for persons without authority, which is improper management.

Measures Taken - Special provisions for taxation on asset expropriation or purchase premised on expropriation in public works

(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 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 facility development of certified center for early childhood education and care
- d. Excessive payment of subsidies for aid to operating expenses of private high schools (special expenditure for promotion of education reform)
- e. Excessive payment of grants for improvement of school facilities and the environment
- f. Improper design of wooden buildings
- g. Excessive State contribution to the cost of compulsory education

Measures Taken - Concrete method for calculation of the amount of day-care subsidy and scope of children eligible for the subsidy

(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 - Improper payment of benefits to compensate temporary absence from work under workers' accident compensation insurance

Improprieties - Improper payment of career formation subsidy under employment insurance

Improprieties - Improper payment of subsidies for development of employment for specified job seekers under employment insurance (subsidy for courses for specified persons with difficulty in employment)

Improprieties - Improper payment of career enhancement subsidies 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 State contribution to medical treatment benefits under national health insurance
- b. Excessive State contribution to stabilization of national health insurance
- c. Excessive payment of fiscal adjustment grants under the advanced elderly medical service system
- d. Excessive payment of fiscal adjustment grants under national health insurance
- e. Excessive State contribution to the livelihood assistance subsidy
- f. Excessive State contribution to the livelihood assistance subsidy (part pertaining to the contributions to expenses for public assistance facility affairs)
- g. Excessive State contribution to the benefits for services and supports for people with disabilities
- h. Excessive State contribution to disability benefits for children with disabilities in living support facilities
- i. Excessive State contribution to the nursing care benefit
- j. Calculation of the amount of national treasury benefits to specific health checkups and health guidance of national health insurance
- k. Excessive use of funds in projects implemented using funds created by extraordinary special grants for the regeneration of community medicine

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 - Affairs regarding return of overpaid pension benefits

Demand for Measures 34 36 - Calculation of the amount of State contribution to specified health checkup and health guidance of national health insurance

Measures Taken - Calculation of the amount of subsidies to the National Health Insurance Organizations

Measures Taken - Allowances to persons completing vocational training

(8) Ministry of Agriculture, Forestry and Fisheries

Improprieties - The purpose of the project is not achieved, as accurate grasping of the actual state of agricultural water intake from the river is not possible through the system constructed under the project to automate water intake measurement

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

- a. Not eligible for a subsidy:
 - (a) 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.
 - (b) Part of the cost subsidized under the project for forest environment conservation and development is not eligible.
 - (c) Part of the cost of the projects that received grants through the grant program to facilitate the sixth industrialization of rural areas was not eligible.
 - (d) Thinnings production implemented under the program to improve the productivity of plywood, lumbering and laminated wood production and to promote switching of product lines was not eligible.
 - (e) Part of the cost of the projects subsidized under the program of grants to enhance livestock competitiveness was not eligible.
- b. Improper design of works:
 - (a) Improper design of headworks
 - (b) Improper design of bed protection work
- c. Excessive billing of subsidized project cost:
 - (a) Excessive billing of the cost of the program to improve the productivity of plywood, lumbering and laminated wood production and to promote switching of product lines, as the project cost includes the amount of consumption tax that is subject to purchase tax credit
 - (b) Excessive billing of the cost of projects under the program to improve the productivity of plywood, lumbering and laminated wood production and to promote switching of product lines
- d. Improper use of funds created by subsidies:

Excessive payment of subsidies for 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)
- e. 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 (program to promote strengthening of the tea, medicinal crop and other local special crop production systems)
- f. Improper plans:

Improper plans of the grant program for development of measures to enhance the agriculture and the food industry

Presentation of Opinions 36 - Implementation of tending felling

Presentation of Opinions 36 Demand for Measures 36 - Formulation of individual facility plans based on inspection for life prolongation of forest road facilities

Demand for Measures 36 - Allocation of the calculated amount pertaining to the business fostering assistance project

Measures Taken - Implementation of replanting under the project to support fruit growing

Measures Taken - Implementation of cost effectiveness analysis of the subsidy program for comprehensive measures to increase the earning capacity of livestock and dairy farming

Measures Taken - Program to pay subsidy directly to environmentally sound agriculture

(9) Ministry of Economy, Trade and Industry

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

- a. 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) Part of the cost of projects subsidized under the program of grants for advancement of oil supply structure was not eligible.
- b. Improper work design and management:

Improper design and management of emergency power generators
- c. Use for purpose other than subsidized objective:

Equipment purchased under the project implemented by using subsidies to support innovative manufacturing, commerce and service development was used for purposes other than the subsidized objective.
- d. Improper construction of works:

Improper execution relating to hot water piping of wood chip boiler and installation of water supply tank for extinguishing fire

Demand for Measures 34 36 - Implementation status of projects using subsidies for promotion of energy-saving investments (projects to support businesses working on rationalization of energy use)

Presentation of Opinions 36 - Assumptions of large-scale earthquakes in the program for resilience of oil supply infrastructure

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

Improprieties - Comparatively high contract price due to use of an interest rate higher than the basic interest rate for calculation of installment payment charge when calculating the estimated cost of common use cable trench PFI

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

- a. Improper design of works:
 - (a) Improper design relating to installation of light control console
 - (b) Improper design of bridge bottom
 - (c) Improper design of retaining walls
 - (d) Improper choice of combination of strength and number of anchors when designing foundation of water storage tank
 - (e) Improper design and construction of equipment related to broadcast facilities
 - (f) Improper design of rock fall protection works
- b. Improper calculation of subsidized amounts:
 - (a) Improper calculation of compensation concerning relocation of communication lines and water pipes
 - (b) Improper calculation of the cost of projects relating to cheaper rent on public housing
 - (c) Excessive payment of grant due to improper calculation of cost of subsidized projects relating to development of sludge treatment facilities
 - (d) Excessive subsidy payment due to improper calculation of subsidized amounts
 - (e) Relatively high contract price due to wrong design quantity of rooftop waterproofing sheets
- 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

Demand for Measures ③⑥ - Early implementation of application for certification of cadastral maps created under the cadastral survey project

Measures Taken - Estimate of the restoration material cost relating to restoration work of sanitary sewer conduit

Measures Taken - Implementation of subsidy program for purchase of non-step buses

Measures Taken - Appropriate implementation of inspection of contracts for purchase of properties based on accounting laws and ordinances

Measures Taken - Calculation of the estimated cost of statistics survey service contract

(11) Ministry of the Environment

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

a. Not eligible for a subsidy:

Cost incurred for development of facilities in subsidized projects for promoting establishment of a sound material-cycle society was not eligible for the grant.

b. Improper use of funds created by subsidies:

Improper design of facilities in projects financed by funds for supporting introduction of renewable energy

Measures Taken - Implementation of the Regional Renewable Energy-Based Hydrogen Station Introduction Project

(12) Ministry of Defense

Improprieties - Relatively high contract price of civil engineering works for construction of new barracks

Improprieties - Relatively high contract price of consignment of boiler maintenance management

Measures Taken - Parking area guidance service

Measures Taken - Removal of the information system procured based on a lease contract

Measures Taken - Camouflage net against ultraviolet rays

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) Japan Pension Service

Improprieties - Fraud by officials

Demand for Measures ③④ - Affairs relating to return of overpaid pension benefits

(3) National Institute of Advanced Industrial Science and Technology

Demand for Measures ③④ ③⑥ - Usage status of land held by the National Institute of Advanced Industrial Science and Technology

(4) Japan agency of Maritime Education and Training for Seafarers

Measures Taken - Land and buildings that are not used effectively

(5) Japan International Cooperation Agency

Presentation of Opinions ③⑥ - The effects of official development assistance

(6) Japan Society for the Promotion of Science

Improprieties - Improper accounting of Grants-in-aid for Scientific Research

Improprieties - Improper accounting of subsidies for strategic strengthening of cutting-edge research and development (cutting-edge research infrastructure program)

(7) Japan Organization of Occupational Health and Safety

Demand for Measures ③⑥ - Anti-inundation measures for private power generators at disaster base hospitals

(8) National Hospital Organization

Improprieties - Fraud by officials

Demand for Measures ③⑥ - Anti-inundation measures for private power generators of disaster base hospitals

(9) Japan Agency for Marine-Earth Science and Technology

Improprieties - Improper payment of contract price for production of drifting buoys with CO2 sensor

(10) Urban Renaissance Agency

Measures Taken - Conclusion of sublease contract of high-price rental housing

Measures Taken - Consignment of housing complex management

(11) Japan Atomic Energy Agency

Measures Taken - Decommissioning of nuclear power facilities

(12) Japan Community Health care Organization

Demand for Measures ③⑥ - Anti-inundation measures for private power generators of disaster base hospitals

(13) Japan Housing Finance Agency

Improprieties - Breach of restriction on lease conditions of rental housing loan

(14) National Cancer Center

Improprieties - Improper contract procedure for consignment of laboratory animal rearing management

(15) Kyoto University

Improprieties - Financial management pertaining to installation of large cages for chimpanzees

(16) Saga University

Improprieties - Use of a system to develop an earthquake disaster reconstruction medical system to provide medical information support jointly with multiple universities

(17) Hokkaido Railway Company

Measures Taken - Estimate of cost of service contract relating to snow clearing from crossing

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:

- Implementation status of subsidized projects for acceleration of rebirth of Fukushima
- Strengthening of IT security measures of local governments by the central government
- Operations and financial conditions of government-financed corporations in the context of low interest rates

(2) Special Report on audit requested by the Diet

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

- State of initiatives ahead of the Tokyo Olympic and Paralympic Games
- Child and child-rearing support measures including elimination of waiting list for children and child poverty alleviation

(3) 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 financial base of some corporations that are exempt from application of special tax rate for specified family companies in order to strengthen their financial base but whose financial base is deemed to be above a certain level in comparison with specified family companies
- Refund and interest on refund arising from withholding on dividends relating to shares of wholly owned subsidiaries and associated corporations, as well as withholding income tax and refund affairs at tax offices