Re. 772

(452) - (460) Improper measure in Grsnting Subsidy

(Part 6) Educational & Cultural Expense

(Title 2) Expense for Middle school Education

(Item 3) State liability of Expenditure for Middle school Education

(452) The Education Ministry have delivered ¥ 16,056,000 to the Tokyo Metropolis and other 39 prefectures on March '49, as the subsidies for expenses concerning remodelling the buildings of new system middle school.

This subsidy was estinated to deliver to the operator such as city, town, or village, through the metropolis or prefectures, in the limit of 50% against the expenses for remodelling latrines of the middle school, and the budget thereof was approved on July '48. So they should have to deliver it immediately after the approval, nevertheless they delivered it as late as on March '49, then the most prefectures were unable to draw out the local budget thereof, and the fiscal year was elapsed without delivering the subsidy to any city, town, or village.

Nos. 24

(Part 10) Public Service Expense

(Title 1) "

(Item 2) Work Expense

In Tokyo Metropolis and 7 other/ prefectures, the subsidies for restoration and arrangement of public primary or middle schools as well as the subsidies for restoration from the war-damage or earthquake devastation of public schools or other buildings, were wholly granted to local public entities charged with these works, either at the fiscal year-end or in April 1948 beyond the fiscal year, notwithstanding the fact that neither the works had been contracted nor even set about. These subsidies figure out at ¥100,154,419 for 79 schools as given on the following table.

Inasmuch as these work had been carried out on the strict condition that they should be completed without fail within the fiscal year concerned, the subsidies in this case should not be disbursed from the 1948 fiscal year's budget. Nevertheless the officials have disbursed it therefrom without any investigation.

Aside from the above, there are a good many cases where overall paymen-ts of the subsidies have been made for such works as were set about but not completed within the fiscal year.

(453)-(460)

Disbursers	Corporation charged with the works	Contents of works	Subsidy	Date of disbursement	Remarks
			¥		
Tokyo Metropolis	Arakawa & another ward	Arrangement of Arakawa-5th & another middle-school	3,345,000	March '49	Contracted unil May
Shiga Prefecture	Aichigawa & 10 other towns or villages	Arrangement, Aichi & 10 other middle-schools	8,174,060	April "49	Contracted in May for 10 schools Not yet contracted as of June for one

Kyoto Prefecture	The city of Kyoto & 12 other t's V's	Arrangement, Fukakusa & 4 other middle-schools	3,217,768	April '49	Contracted until June for 4 schools Not yet contracted as of Sept. for one
Osaka Prefecture	The city of Sakai & 6 other cities, towns or villages	Arrangement, Sakai-Ist & 13 other middle-schools	21,327,710	April '49	Contracted Until July
"	The city of Sakai	War-damage restoration of Asahigaoka-Ist & another primary-school	1,505,683	"	Contracted Until June
Wakayame Prefecture	Wakayama Pref.	War-damage restoration of the Attached Hospital of the Medical College	699,940	"	Contracted in Mar. Started in Apr.
Hyogo Prefecture	The city of Kobe and 27 other cities, towns or village	Arrangement of Minato & 26 other middle-schools	43,043,927	"	Contracted until Aug. for 15 schools, Not yet contracted as of Aug. for 12 schools
"	Hyogo Pref. & 4 cities	War-damage restoration of Hyogo High-school & 6 other schools	7,408,383	"	Contracted until Aug.
"	Ikunami Village	Earthquake-damage restoration of Ikunami primary school bldg.	515,100	"	Contracted in May
Fukuoka Pref.	The city of Fukuoka & 4 other cities of towns	Arrangement of Yoshizuka & 7 other middle-schools	9,872,750	"	Contracted Until June

Nagasaki Prefecture	Kawahara Village & 2 others	Arrangement of Gakunan middle-school	1,044,098	April '49	Contracted in Feb. Started in and after Apr.
Total		79	100,154,419		

Remarks: This case is a mere extraction of what has been brought to light by our spot audit.

Re. 117 567

(461) Extremely Improper Managements on Accounts

(Part 6) Educational & Cultural Expense

(Title 10) Scientific Reserich Expense

(Item 5) Institute of Statistical Mathematics

(Part 13) Common Expense for Administration

(Title 2) Miscellaneous Expenditure

(Item 1) "

We found extreme bad managements of accounts at the Statistics and Mathematics Reserch Institute as follows:

(1) It issued 109 cheques directed to a certain Uchida, Chief accountant, without any regular way and got ¥1,555,806 in cash between April '48 and April '49 and appropriated it to miscellaneous expenditures.

(2) At the payment of employees' allowance, it neither deducted ¥25,582 an equivalent amount to the withholding of income tax nor paid ¥131,195 deducted as the above withholding into the Revenue.

(3) It did not make its employees repay ¥47,817 which has been overpaid to them.

(4) It paid ¥53,695 to its employee as a travel expense despite of no trip.

(5) It overcharged ¥10,700 on ¥12,000 a repair cost of articles, among which ¥6,000 was appropriated to board-charge for a consultation and the ramaining ¥4,700 was usurped by a certain Takeuchi, an assistance of Chief accountant.

(6) It was stolen a cheque paper and government seal, and suindled ¥333,637 by the said Takeuchi and one other between July and Sept. '48. Also it forged the documents concerned as if it had appropriated the above amount to its employee's allowance, purchase expenses of articles etc. in order to cover up the fact, ¥27,400 among the swindled amount was indemnified on May '49 (cf. Chap. VIII)

Re. 516

(462) Improper Measures in Purchasing Land

Fiscal year 1947.

(Part 14) Common Expense for Administration

(Title 1) Repair & Utilities Expense for Gov't Office

(Item 1) Erection Expense

The Tokyo Physical Culture College purchased in March 1948 an adjacent land totalling 3,486.76 tsubo located at yoyogi Nishihara-machi, Shibuya-ku Tokyo, which were 3,108 tsubo owned by a certain Fukuda, town, and 378.16 tsubo owned by a certain Namiki, at the price of ¥1,046,028 as for extension of the playground, without transfer of the leasehold that had been established on these land by a third person.

On the land in question, however, private houses and cattle cabins totalling 20 ridges were situated and it was impossible without removing them to use the land as the playground. But it should have justly been anticipated according to the then housing situation that the removal of the interested persons leasing the land was hardly be realized.

As the result, however, that the College purchased the land with leasehold under the circumstances that the anticipation of the removal was difficult, minteen houses were still remained even at the time of Oct. '49 after one-odd year had passed, and consequently it was not available for the play ground.

No 489

State Property

Improper Administration on State Property

(463) The Osaka University had leased since December 1944, 23,779 tsubo of fallow land within the site of the Industrial Scientific Institute to the Farming Association of the Sakai City. In this connection, we gave them an advice in May 1949 when we conducted a spot audit, however, they has not decided to collect the compensation still in August.

Aside from above, they have had the City of Osaka use free of charge 7,610 tsubo (31,389 tsubo until November 1944) of the same site, for the purpose of the school-building site. But it is deemed the lease must be compensated from after July 1948 when the laws or regulations concerned were revised or enforced.

Re. 377

(464)
The Tokyo second Normal School official has made, since August, 1946, a lease of 7,156 tsubo among 8,051 tsubo of the war-damaged site of the same school at Ikebukuro, Toshima-Ward, Tokyo, which has been public-use property, to Ikebukuro War-damage Reconstruction Association and 4 other persons. Since then the said land has in fact changed itself into a commercial district and is now one of the busiest quarters with some 500 houses.

The school, after it had been burnt down all the buildings except those of its attached-school, was transferred to the site of former Army Third Technical Institute at Koganei-town, Kita-Tama Country, Tokyo in September 1946, after which there has been no prospect of coming back to its former site. So the school official had to cease the public use of the land area and to transfer it to the Finance Minister. However, the official has not taken any such measure and made a lease to the said association. His management is considered to be improper.

Re. 604

VII WELFARE MINISTRY

General Account: Rev

(465) A large sum of the Amount not yet received in National Hospital and Sanetorium

(Part 2) Receipts from Gov't enterprises and properties

(Title 2) Receipts from Gov't enterprises

(Item 2) Hospital Receipts

At Yegumo National Hospital and other 7 hospitals ¥28,325,803 among ¥ ¥58,133,679 the amount of the hospital revenne decided to collect during fiscal 1948 in not yet received as the following table shows.

The average rate of receipts of hospital revenne of the whole country shows 82,3% for the National Hospital, and 78% for the National Sanatorium, 80,3% in average for the both. Although

This merit of collection is not necessarily good and especially the merit of the above Yegumo Hospital etc, shows only about 50% .

Name of Hospital or Sanatorium	Amount Decided to Collect	Amount Not Yet Received	Rate of Receipts
National Noboribetsu Hospital	6,659,079	3,691,595 yen.	46,2%
National Yegumo Hospital	9,444,621	4,243,511	55,0
National Miyakomojb	15,681,544	7,982,691	49,0
National Sanatorium Ominato Hospital	4,561,090	2,411,477	47,1
Temura Hospital	4,480,772	2,017,176	54,9
Chishiro Yen	5,941,994	2,938,897	51,3
Shikaraku Yen	3,633,889	1,666,780	54,1
Hofuku Yen	7,594,688	3,463,674	54,3
Totgl	58,133,679	28,325,803	51,5

Re. 864

(466) Improper Measure in Collecting the Sale price of medicine

(Part 2) Receipts from Gov't enterprises and properties

(Title 3) Receipts form Gov't properties

(Item 2) Selling price of Gov't properties

There have been brought to light by our spot audit that the collection of the price of DDT distributed by the Welfare Ministry to metropolis and prefectures in the fiscal 1947 and '48 remained to be decided by at least ¥ 15,832,574 in Tokyo Metropolis and other 10 prefectures at the end of Oct. 1949 as shown in the following table.

Concerning the employment of the medicine, the government must make metropolis and prefectures pay to the National Treasury $\frac{2}{3}$ of the distribution price when employed by metropolis and prefectures, $\frac{2}{3}$ in case employed by other municipal bodies, and whole price in other cases. The collection of the price must be decided according to the usage classifications and the price of the time when the metropolis and prefectures made application for the medicine.

However, in the metropolis and prefectures the medicine applied for as metropolis and prefecture use was employed by other muncipalities or as general use without comforming to the usage classification. In this case, the decided amount of collection must be amended according to the actual classification. When the price is elevated between the time of application and that of the direction of delevery, the collection should be naturally decided on the basis of new price.

Nevertheless, the collection was decided according to the old classification and price, and consequently a large amount remained to be collected as mentioned above.

B

Besides, of 552,537,609 yen, the price of DDT and other medicines the collection of which was decided up to the end of the fiscal 1948, only 261,274,033 yen was collected within the year.

Name of Prefectures	Amount
Miyagi	1,067,651 yen
Fukushima	591,059
Tochigi	644,984
Saitama	4,553,507
Chiba	765,702
Tokyo	2,739,194
Kanagawa	2,585,916
Aichi	1,709,609
Mie	216,497
Hyogo	602,646
Ehime	355,804
Total	15.832,574

Re. 870

Improper Measure in reference to Recovery of Subsidy

(Part 3) Miscellaneous Receipts

(Title 1) "

(Item 9) Compensation and Repayment fund

(467) The Tokyo Metropolis and the Hokkaido district have delivered ¥ 682,084,120 during '47 fiscal year by rough estimate to the local public bodies under their jurisdiction, as the subsidy for daily life protection expenses, but have extremaly delayed the collection of excessive amount of the subsidy accrued by liquidation, as follows.

As a rule, in case the subsidy for daily life protection expenses is delivered, they should take care lest it should be delivered in excess of necessary amount, and have to liquidate immediately after a lapse of the fiscal year, and repay the excess of subsidy into the national treasury, nevertheless even after a lapse of a year, they have still been neglecting them.

(1) Among ¥477,111,120 delivered by the Tokyo Metropolis by rough estimate, ¥8,903,323 granted to 60 cities, towns and villages were in excess, among which ¥802,242, granted to the Chofu Town and other 7 towns or villages were not recovered yet as on Oct. '49.

(2) Among ¥204,973,000 delivered by the Hokkaido District by rough estimate, ¥3,607,896 granted to the district, and 76 cities, towns and villages were in excess, among which ¥1,561,909 granted to the Hokkaido District, the Muroran City, and other 18 towns or villages were not collected yet as on Oct. '49.

Re. 478

(468) The District of Hokkaido and 6 other prefectures delivered during the fiscal year 1947 to the district and prefectures which are the public body, ¥6,389,000 as the subsidy for facilities and working expenses under the Child Welfare Law; and delayed so long in collecting an excessive subsidy of ¥2,327,675 according to liquidation, as follows.

The excess was caused, that the Child Welfare Law was enacted on Dec. '47 and the budget thereof was distributed hardly at the end of '47 fiscal year, so every prefecture could not enforce the estimated works. So it was required to present the deed of settlement of the subsidy to the Welfare Ministry and to return the excessive subsidy into the National Treasury immediately. However, it has not been done over a year.

Unit: yen

District and Prefectures	Subsidy, delivered	Liquidated amount	Excess of Subsidy
Hokkaido	414,359	202,137	212,222
Kanagawa	1,793,208	1,112,957	680,250
Niigata	330,163	16,094	314,069
Toyama	331,080	175,568	155,512
Aichi	1,382,213	1,049,206	333,006
Kyoto	1,704,233	1,211,068	493,164
Nagasaki	424,744	285,293	139,450
Total	6,380,000	4,052,320	2,327,675

Remark: The above is limited to the cases where the excess of subsidy exceeds 100,000 yen in each among those found by a spot audit of the Board of Audit.

Re. 474

General Account: Expenditure

(469) - (479) Improper Measure in Deliverying Subsidy

(Part 7) Expense for Social & Labour Facilities

(Title 1) Expense for Relief & Protection

(Item 1) Expense for Livelihood protection

(Title 2) Expense for Child protection

(Item 1) "

(Title 3) Expense for Social Insurance

(Item 3) Subsidy for National Health Insurance

(Part 10) Public service Expense

(Title 1) "

(Item 2) Work Expense

(Part 13) Common Expense for Administration

(Title 3) Special Supplementary Expense for Price Revision, etc.

(Item 1) "

Tokyo Metropolis and 10 other prefectures have delivered at the end of fiscal year or on April of the next fiscal year, the whole amount of subsidy for various facility expenses based on the Child Welfare Law or the Daily Life protection Law, to each local public corporation or social work organization, which have not started any work at all, totalling ¥ 13,006,500 in 11 cases as seen in the following table.

The works in question were to be subsidized under the condition that it should be completed within the fiscal year, so no subsidy should have been expended in the above case from 1948 fiscal year's appropriation, nonetheless the officials paid the above amount without inspecting actual circumstances.

Disbursed Office	Undertaker of Work	Facility to be made	Government subsidy ¥	Date of payment	Remarks
Tokyo Metropolis	Tokyo Metropolis	Shibuya, and other 6 Nursery	3,101,600	April '49	Works were started at 6 places until June, one not yet
Iwate Pref.	Iwate Pref.	Morioka Model Health Center, and Ichinoseki Health Center	1,880,000	" "	Work was started on April
Tochigi Pref.	National Health Insurance Association at Tanuma Town	Medical Facility	634,500	March "	Work was started on May
Saitama Pref.	Toyooka Town	Widows' Dormitory	900,000	April "	Work was started on April
Kanagawa Pref.	Yokohama City	Kohoku, and other one Nursery	859,800	" "	"
Ishikawa Pref.	Ishikawa Pref.	Veneral Disease Hospital	828,600	March April "	Work was started on May
Aichi Pref.	Aichi Pref.	Yokoto Juvenile Dormitory	1,000,000	March "	Work was not started within the fiscal year
"	National Health Insurance Association at Narumi Town	Medical Facility	1,048,600	April "	Work was started on June
Shiga Pref.	National Health Insurance Association at Nishioshidate	"	765,400	" "	"
Nara Pref.	Miwa Town	Facility for Accomodation	798,000	March "	Work was started on May

Wakayama Pref.	Wakayama Branch of Saiseikai	Medical Facility	560,000	April '49	Work was started on June
Fukuoka Pref.	Yahata City	Municipal Nursing Hospital	632,000	" "	Work was not started within the fiscal year
Total			13,006,500		

(Part 8) Expense for Health and Sanitation

(Title 4) Expense for Medical Facilites

(Item 8) Subsidy for Expense fpr Medical Facilities

(480) Kagoshima Pref. has delivered ¥1,154,538, the subsidy for the expenses of the Prefectural Mental Institution, to the prefecture of a public corporation in April '49.

The prefectural office estimated the disbursed work expenses of the Institation at ¥2,581,838 and the receipts of the same at ¥272,762 and subsidized an amount equivalent to a half of its balance, however, an actual disbursement of the Institution was ¥2,506,081 and the receipts was ¥3,707,444 so there was no necessity of subsidy.

Despite of it, the office has delivered the said amount without any investigation on an application for subsidy.

Re. 869

(Part 13) Common Expense for Administration

(Title 3) Special Supplementary Expense for Price Revision, etc.

(Item 1) "

(481) Tokyo Metropolis has granted ¥2,000,000 to the Metropolis of ~~Ki~~ a public corporation, as the subsidies to maternity hospital institution.

This is the amount equivalent to a half of ¥4,000,000 the amount to be subsidized in 1948 fiscal year among the said institution expenses totalling ¥8,400,000. Tokyo Metropolis has purchased on Aug. '49, 382 "tsubo" land with an apartment-house (392 tsubo in total area) owned by a certain Ito of Tokyo, at the site of Iriaraijuku, Ota-ward, for the purpose of instituting a maternity hospital, yet not only 20 house-holders who have been living there did not consent to an order for deportation but the said Ito, the seller of this house proposed to cancel a contract on March and April '49 for non-fulfilment of it.

Thus it was quite clear at the time of delivery of the subsidies in question that it was almost impossible to institute a hospital there.

It was improper that the Office delivered it without considering the above conditions.

No. 357

(482) Delayed Liquidation of Subsidy

(Part 7) Expense for Social & Labour Facilities

(Title 1) Expense for Relief and protection

(Item 4) Expense for Relief of damages

In Sept. 1948, the Miyagi Prefecture, a public body, was subsidized with 31,000,000 yen for relief to the typhoon devastated areas. However, 8,272,974 yen of the amount must be repaid to the National Treasury.

Although the above-mentioned subsidy was delivered at a rough estimate in expectation that there would be a large number of sufferers, after the execution of the relief measures, the said 8,272,974 yen was found to be unnecessary. Now that the disaster occurred in Sept. and the relief work was confined within the emergency experients which was almost completed up to the end of Oct, the liquidation of the subsidy should have been finished without delay. However, it was as late as Sept. 1949 that the deed of settlement was presented to the Welfare Ministry and the forementioned amount was not collected at the end of Nov. 1949.

Re. 605

Treasury Loss caused by Officials' crimes

(part 4) Expense for Administration Dept.

(Title 17) Demobilization Expense

(Item 1) "

(485)

At Demobilization section of Tokyo Metropolis Civil Administration Bureau, a certain Koike, employee of the office has swindled ¥ 3,201,344 (among which ¥ 1,605,858 was for 1949 fiscal year) by making documents concerned by a fraud during the period from Sept. '48 to Aug. '49, while on his duty of payment of family allowances for not demobilized persons, as a helper of accounting officer or as an assistant accounting officer.

No 16

(484) The Repatriates Section of Civil Administration Division of Gifu Prefecture was swindled ¥2,300,000 by a certain Kume, an employee of the said Section.

While on his duty as an assistant to the imprest officer, he stole the cheque and official stamp and obtained the money by fraud in Dec. '48. ¥1,584,900 was indemnified by May '49.

Re. 867

State Article

(485) Improper measure in Treating Articles

During 1948 fiscal year, the Welfare Ministry has transferred 31,463,050 cc of antityphoid and paratyphoid fever mixed vaccine among 37,195,410 cc. of it which it has been keeping since the preceding year (Yamanouchi Pharmaceutical Company, an agent of delivery, has been keeping it in custody), to the company provided that the same vaccine will be supplied later by them. The state has been holding the above vaccine in order to deliver it to each prefecture through the company, after purchasing it from manufacturers in the gross. The Ministry of Welfare ordered 50,000,000 cc. of vaccine from manufacturers on April '48 according to an expected demand of it for 1948 fiscal year, however, it was found only 31,000,000 cc. was needed actually by the inquiry on May, because of a pretty amount of stock of it by each prefecture.

Consequently the aforementioned holding vaccine by the Ministry was enough to be delivered to each prefecture, and also the purchase of vaccine in the gross by the state was abolished since 1948 fiscal year. So the Ministry should have to dispose of the vaccine in question from the first, nevertheless the officials transferred it to the companay under the said condition. We consider this is ~~an~~ improper.

On the while, the company which has received 31,463,050 cc of vaccine as above mentioned, supplied 16,325,850 cc of it to the Ministry during from April to Dec. '48, but as for the remaining 15,137,200 cc which was not supplied, the State sold it to the company on Sept. '49 at the cost of ¥21,564,293, which is not collected yet as on Dec.

Further, 5,732,360 cc. the rest of those carried from the preceding year and 15,976,980 cc. among those supplied by the company, totally 21,709,340 cc of vaccine amounted to ¥24,748,647 was disposed as disused article on Sept. '49 because of the expiration of available period.

Re 35

Spec. Acc. for Welfare Insurance: Rev.

(486) Treasury Loss caused by Officials' crimes

Health Acc. (Title) Receipts from Health Insurance

(Item) Receipts from Insurance

Annuity Acc. (Title) Receipts from Welfare Annuity Insurance

(Item) Receipts from Insurance

Management Acc.

(Title) Receipts from Welfare Insurance Management

(Item) Miscellaneous Receipts

At the Naokata Social Insurance Office, a certain Inoue and two others, an employee of this office, while on their duty of receiving an insurance due, usurped ¥533,973 from among the insurance, charge for calling up and arrearage which they have received from the Nishi Nihon Mining Co. and 21 others, between Dec. '48 and April '49. Among the above, ¥16,600 was indemnified by Sept. '49.

VIII. MINISTRY OF AGRICULTURE AND FORESTRY

General Account: Rev.

(487) Improper Measure in collecting Share of Agricultural water-utilization expenses

(Part 3) Miscellaneous Receipts

(Title 1) "

(Item 5) Public bodies share of work expenses

In the Tokyo and three other Farm Land Offices, shares of the agricultural water-utilization expenses for both the fiscal years 1947 and 1948 that had not been decided for collection at the time of our spot audit during the June - August period of 1949 amount to ¥ 100,798,885 as follows:

Tokyo Farm Land Office		¥ 47,452,072
Kanazawa	" "	47,890,000
Okayama	" "	2,450,780
Kumamoto	" "	2,658,840
Total		100,451,692

As for the above shares the authorities were to have every public body take a share of the working expenses and to collect it within the year concerned. However, no decision for collection was made at the time we conducted spot audits. So we gave an attention to them, but except such as for the Kanazawa Farm Land that was decided for collection in August 1949, all of them were left still not settled as on November.

In the Kyoto and Sendai Farm Land Offices, the said shares for 1947 fiscal year that were decided for collection but not yet received as on January '49 amount to ¥ 3,072,619 as follows:

Kyoto Farm Land Office	¥ 2,073,600
Sendai Farm Land Office	999,019
Total	3,072,619

Re. 627

General Account: Rev.

(488) Improper measure in reference to Repayment of Subsidy

(Part 3) Miscellaneous Receipts

(Title 1) "

(Item 9) Compensation and Repayment fund

The Agriculture and Forestry Ministry have delivered ¥4,685,500. to Fukushima Prefecture during 1947 fiscal year, as the subsidy for improvement works of Okawa Valley irrigation: among which ¥2,193,525. was required to repay as follows, nevertheless they have left it not settled until Sep. 1949.

(1) The estimated amount of expenses for improvement work in question was ¥9,371,000 and said ¥4,685,500 was subsidized in compare with this: but disbursed amount therefor was ¥4,150,000 as work expenses for the contractor, Japan Hydraulic Construction Co. Ltd., ¥3,041,000 as purchase price of materials for work, and ¥90,000 as business expense, totalling ¥7,281,000 : and balance ¥2,090,000 was diverted to the expenses for the other works by the Prefecture: ¥1,500,000 to the land improvement work of Uda River-side, and ¥590,000 to the same of Osasao Village and others: so ¥1,045,000, the amount of Government subsidy proportionate to the said diverted amount should be repaid.

(2) In ¥4,150,000, the amount paid to the Japan Hydraulic Co. Ltd., the expense of the works that voluntarily done by the contractor besides the contracted work, such as the first canal at Horinouchi for 180 meters and the second for 706 meters, amounting ¥1,060,000 in total, is included: so ¥530,000., the amount of Government subsidy proportionate to the expense of such extra works is requested to be repaid.

(3)

(3) According to the decision of the Prefectural Assembly on Aug. 1947, the work in question was to be continued only for the purpose of agricultural irrigation: so those materials which were purchased for use of hydro-electric power construction after the work was suspended on Dec. 1947, such as 60,38 meters of hydraulic iron pipe amounting ¥1,160,000 and one filter amounting ¥77,050, totalling ¥1,237,050 are deemed to have been purchased out of the purpose: then ¥618,525, the amount of Government subsidy proportionate to the purchase price of the above materials is requested to be repaid.

Re. 261

General Account; Expenditure

(489) Improper measures in Granting Subsidy

(part 9) Expense for Industrial Economy

(Title 2) Forestry Industry

(Item 3) Bounty expense for Design work of Administrative promoting measures

(part 13) Common Expense for Administration

(Title 3) Special Supplementary Expense for Price Revision, etc.

(Item 1) "

The Agriculture and Forestry Ministry have delivered ¥ 8,656,176 to the Gifu prefecture during Aug. '48 - April '49, as the Government subsidy for the design work of administrative promopting measures for private forest amounting to ¥ 17,312,352.

The prefecture has presented a settled account of June '49 to the A.F.M., as if they have accomplished the said work within the '48 fiscal and disbursed the whole amount of the work expenses; but at our spot audit on the same month, it was cleared that in fact they have disbursed only ¥ 10,555,479 actually within the '48 fiscal year, and carried over ¥ 6,200,000 to the next year, leaving ¥ 556,872 as the amount unused.

The subsidy should be delivered in proportion to the proceeding degree of the work within the fiscal year, so it is improper that, despite of some 60% of the proceeding, it disbursed, at the end of the fiscal year, ¥ 2,787,000 the subsidy for the last time which were not needed to be granted in 1947 fiscal year, without precise inquiries.

Re. 650

(490) Improper Expenditure out of Budget

(Part 10) Public Service Expense

(Title 1) "

(Item 2) Work Expense

Among ¥3,405,400 disbursed by both Ishikari and Hidaka Branch offices in Hokkaido as the expense for construction of barus for horse farming bodies of land reclamation during the fiscal year 1948, there were six cases at least, as following table shows, amounting to ¥2,422,300 in which the same expense was appropriated to the construction of dwelling houses, so far as acertained as the result of our spot audit.

Despite the same expense for construction of barns was directed for the purpose of constructing joint barns of horse farming bodies which were required to organize at each land to be reclaimed under the necessity of converting the method of land reclamation from by implements to be animal power, both Branch-offices appropriated the same expense to the construction of dwelling houses.

Table

Name of Office.	Expenditure	Cost of construction ¥	Place constructed.	Remarks
Ishikari Branch-office	For constructing 3 dwelling houses with 52 tsubo	760,000	At Shiraishi Village	1 house is dwelled by employees of the Branch-office, and other 2 houses are not yet used.
"	For constructing 2 dwelling houses with 37 and 0.5 tsubo	490,000	At Hiroshima Village	Not yet used
"	For constructing 1 dwelling houses with 23 tsubo	250,000	At Chitose Town	Not yet used
"	For constructing 2 dwelling houses with 29 tsubo	522,300	At Kotoni Town	The state of using remains unexplained.
Sub-total		2,022,300		

Hidaka Branch-Office	For purchasing 1 dwelling house with 17 and 0.25 tsubo	153.000	At Urakawa Town	Dwelled by employees of the Branch-office
"	For constructing 1 dwelling house with 22 and 0.5 tsubo	247.000	" (in the Branch-office yard)	Not yet used
Sub-total		400,000		
Total		2,422,300		

Re. 654

(491) Lease of state property, without a consideration

In Hokkaido office the official constructed anew or purchased 50 fishing ships and 57 buildings at ¥ 54,552,557 under the trust of the Agriculture and Forestry Ministry and loaned them without consideration to Matsuda Fishery Co-operative Association and other 98 associations.

The official constructed anew or purchased them as necessary equipments to make the repatriators from Sagharine and Chishima islands develop the undeveloped fishing field along the cost of Hokkaido, but it is improper to loan the national properties without consideration with no foundation of the law.

No. 628

(492) Improper stock of Materials for construction

The Hokkaido-District Office had been keeping building materials such as more than 1,166 barrels of nail, more than 1,426 boxes of glass, amounting to ¥ 9,031,914 under its custody aimlessly at the end of 1948 fiscal year.

The office has purchased those goods within '47 fiscal year as the building materials for settlers' facilities concerning the emergent colonizational enterprises under the trust of the Agriculture and Forestry Ministry and the above goods were left unused according to decrease of the housing preliminarily planned to construct. But the trust concerning the said emergent colonizational enterprises was closed in the '47 fiscal year, and the work was decided to be done again at the '48 fiscal year under the government subsidy. So they should have made some proper disposals such as sale and the like immediately when the trust was cancelled. Yet, as they have not taken any disposal as late as on Sept. '49 when we conducted a spot audit, we gave them an advice.

They sold the above materials at ¥ 9,031,914 as abovementioned and received the price therefor until Nov. according to our advice.

Special Account for Foodstuff Control: Rev. Exp.

(493) Compensation for Loss of Kodan by Visionary Buying and Selling

The Foodstuff Management Bureau purchased 16,500,000 kgs of imported centrifugal sugar from the Feed Distribution Public Corporation on July and August of 1948, at ¥4,668. for 100 kgs in July and at ¥4,330. in August, ¥750,014,400. in total, and sold them back to the same Corporation at ¥5.00 for 100 kgs, ¥825,000. in total, in order to let the said Corporation have the balance ¥749,189,402. as a profit.

The Corporation had to purchase the home made centrifugal sugar at ¥6,516.66 for 100 kgs on July and at ¥8,475.33 on August, but for the purpose of price policy, sold them at ¥2,281.66 in July and at ¥2,505. in August, and besides, it was assessed more consumption tax than the amount shifted to the consumers: from the above, it suffered a loss amounting to ¥749,189,400. on July and August, and for compensation thereof, the visionary buying and selling were made as mentioned above.

Nevertheless, the forementioned Work Expenses do not include the expense such as loss compensation, and also such disbursement by visionary buying and selling is improper.

In addition, the Kanagawa and two other Foodstuff Office under its' jurisdiction, according to its' indication, sold to the Feed Distribution Public Corporation, 49,181,800 Kgs of imported raw sugar on January and February 1949 at ¥1,046 for 100 kgs, notwithstanding it should have to sell them at ¥1,951. and let the Corporation to make profit by balance ¥905. for 100 kgs, ¥445,198,571. in total.

Re. 563

Ditto: Expenditure

Improper sale of staple food

(Title) Receipts from Foodstuff Control

(Item) Selling price of Foodstuff

(494) The Hokkaido Foodstuff Office have sold 942 bags of home-grown wheat flour at ¥ 426,074 - to the Japan Steel Mill Co. Ltd., (Nihon seikojo) and other one on July 21 and 25,1948.

They have sold the flour at ¥ 270,60 for each containing 22 K.g. (paper-bag) and at ¥ 562.20 for each containing 44 K.g. (hemp-sack), despite of the price advance to ¥ 541,70 for the former and ¥ 1,105,40 for the latter according to the revision of price on July 11, resulting in ¥ 415,098.- the loss in balance. However, according to our advice at our spot audit on July 1949, they have collected them until October.

(495) Kyoto Food stuff Office sold 875 bales of the non-glutinous unhulled rice for ¥693,621 to the Bean paste Industrial Association of Kyoto Prefecture, as the raw material of bean paste on July 9, 1948, just before the price revision made on July 11. As the price revision, however, must have been anticipated at the time of the sale, it seems needless to sell them promptly just before the price revision in special.

If the said articles had been sold after the price revision, the increased amount could be balanced to ¥ 524,591.

Re. 878

Ditto : Expenditure

(496) Improper Expenditure out of Budget

(Title) Expense for Foodstuff Control

(Item) Work Expense

The Foodstuff Administration Bureau, notwithstanding no expense for erection of official residence was estimated, disbursed ¥ 31,838,501,- during 1948 fiscal year as the construction expenses concerning erection of 81 official residences (1,338,65 tsubo in total.) for heads and section chiefs of Tokyo and other 20 Foodstuff Offices.

Re. 185

Improper payment for purchase of foodstuff

(Title) Foodstuff control expense

(Item) Work expense

(497) Kanagawa Foodstuff Office purchased 276 bags of non-glutinous rice and 53 odd bags of barley in July thru December 1948, for which they paid the cost of ¥ 441,715. doubly.

It is due to the re-issuance of the payment certificate through their bad management. However, they took a step to refund it in Oct. '49 in accordance with our advice given at the time of the spot audit in August of the same year.

Re. 564

(498) The Foodstuff Management Bureau has disbursed ¥175,242,408 as the cost of 2,309,642 kgs of rice produced in 1948 which it has purchased from Shibata city and 53 towns and villages of Niigata Prefecture, among which ¥19,392,959 was overpaid. This was due to the fact that at the Niigata Foodstuff Office, a Foodstuff Inspector has failed to describe a quantity and amount on 350 pieces of payment certificates for the said purchased rice and also has issued payment certificates for rice delivered in the quota on which a cost for rice delivered in excess of the quota was entered erroneously because of pressure of business.

The Office has collected until Sept. 1949, ¥18,002,493 among the said overpayment, according to our advice made on July.

Re. 130

(499)

The Foodstuff Management Bureau had disbursed ¥ 1,728,041 on Dec. '48, to the Kansai Branch of the Oilstuff Distribution P.C. as an additional payment according to revised cost for 913,100 kgs of imported pea-nut-refuse purchased by the Osaka Foodstuff Office. But this office purchased them at ¥ 11,638,524 (¥ 764.77 per 60 kgs) and paid the amount not including the amount equivalent to the transaction tax, so it was enough to pay 1% of the first cost, ¥116,385 as the amount equivalent to the transaction tax, at the said additional payment.

Nevertheless the Bureau paid the balance between the new price after Sept. (¥878.32 per 60 kgs) and the purchased cost (¥113,55 per 60 kgs), so ¥ 1,611,656 was overpaid.

This overpayment was repaid on May '49 according to the advice made by the Board on the same month.

Re. 481

(500) Improper measures in Paying Additional freight

(Title) Expense for Foodstuff control

(Item) Work Expense

Foodstuff Control Bureau has disbursed ¥54,480,141 to the National Federation of Sale, Agricultural Cooperative Association, as an additional freight for 4,313,717 bales of rice and wheat produced in Niigata Pref. in 1948 (among which ¥1,846,740 for 167,357 bales was for 1949 fiscal year), which have been carried in a specially designated warehouse. The Bureau paid it according to an application of additional payment of freight presented to Niigata Foodstuff Office by the Niigata Pref. Federation of Sale, Agricultural cooperative association, however, on inquiry by the Board in July '49, there were a pretty large amount of differential between an amount on application and one actually carried in and ¥1,025,037 for 89,929 bales were overpaid. The Bureau took a procedure of repayment in Nov. according to our advice.

Re. 981,983

Spec. Acc. for adjustment of Demand and Supply of Firewood & charcoal: Rev.

Improper collection of Sale-price of fire-wood and charcoal.

(Title) Receipts from Adjustment of demand & supply of firewood & charcoal

(Item) Selling price of firewood

(501) The officials of the respective charcoalnoffices under the jurisdiction of Forestry Bureau, have not decided to collect yet the saleprice of firewood up to the end of the fiscal year 1948, amounting to ¥1,902,615,697. The outgrowth of such a gross unassessed amount wqs due to the fact thet the chiefs of the respective charcoal offices who were requested to open the procedure of assessment only after the reception of actual-goods-receipts from whole-sale dealers, have almost failed to collect penaltties, incidentally allowing the whole-sale dealers to delay the submission of the receipts or have failed to decide to collect the sale-price even after the submission of actual-goods-receipts, neglecting them for a good long time.

Apart from the abovementioned case, there have been found some firewoods delivered to wholesale dealers without any enumeration of the actual goods, as to which no assessment of sale-price can be made until the submission of actual-goods-receipts from the wholesale dealers.

Ditto: Expenditure

(502) Liability in excess of Appropriation

(Title) Expense for Adjustment of demand & supply of Firewood & Charcoal

(Item) Work expense

We found in the Special Account for Supply Adjustment of Firewood and Charcoal that the unpaid amount ran in to some 1 billion yen for the price, etc. of firewood and charcoal purchased beyond the budget thereof during the fiscal year 1948.

It is mainly due to the unbalanced budget which did not go with the purchase quantity of firewood and charcoal increased, but it will not be a proper measure that the Authority went so far as to bear such an enormous liabilities out of the budget as above.

Further we should like to add that the Forestry Bureau established the frame work to limit the purchase of firewood and charcoal in February 1949 and on the other hand prescribed to make assemblers pay the price of marketing charcoal to consignors within 185,408 ton in gross weight (its price by rough estimate is ¥1,348,456,800).

This price payment by assemblers is based on such a system that assemblers may get accomodation of funds from financial institutions by the acceptance protocols issued from the Head of the Bureau, being disposed to keep authentic power of security thereon. In this case, it is prescribed that the interest of funds is to be born by the same Account under pretext of the fee.

Hence it follows that in essence the state purchases and bears liabilities over the budget, despite in form the state does not purchase.

(Re. 164)

Improper measure in paying purchase cost of Firewood and Charcoal

(Title) Exp. for Adjustment of demand & supply of Firewood & Charcoal

(Item) Work expense

(503) The Fukushima Charcoal Office caused a loss of ¥ 495,379 for 346,419 bundles of firewoods among those they have purchased during 1948 fiscal year.

Notwithstanding the purchase of firewoods by the govʳt was amended since June 23 to deliver them at the station, the Office, even after the above revision, purchased the firewoods located in their producing places, as those stocked in the station, and paid the price therefor. Consequently the excessive amount of ¥1.43 a bundle, total of ¥495,379, was caused.

(504) The Forestry Bureau has disbursed ¥ 284,268, the cost of 1,607 bags of charcoal and 990 bags of gas-firewood which Kyoto Charcoal Office has purchased from the Firewood Charcoal & Forestry Association of Kyoto Prefecture and another association.

Those effects had been transferred before June 19, 1948, however, the both associations forged the date of transfer as later than June 23,1948 when the purchase price was just revised higher. The official paid the cost pursuant to the forged receipt protocol, resulting in an excess payment by ¥ 150,971 over the cost calculated under former prices.

In this connection the Board gave an advice to the official to have the associations return the excessive amount, at the time of the spot audit in July 1949, however, it is not yet decided to be collected in October.

(505) The Forestry Bureau has disbursed ¥ 692,209 for 9,333 bags of charcoals that the Kagoshima Charcoal Office had purchased from Kurino Branch Office of the Kagoshima prefectural Forestry Industry Fuel Co., Ltd. during the period from March to June, 1948.

The amount was allegedly paid for 9,333 bags of charcoals, but only 2,301 bags were actually forwarded and the rest of 7,032 bags had not been even produced yet. The said Charcoal Office had repeatedly demanded, until 2,317 bags were redeemed leaving 4,715 bags undischarged. The compensation of this totalling ¥ 359,627, however had not been redeemed up to the time of our spot audit conducted in May 1949. Their management was by no means proper.

(506) Improper payment of "extra transport fee"

(Title) Exp. for Adjustment of demand & supply of Firewood & Charcoal

(Item) Work expense

The Forestry Bureau had decided to pay an extra transport fee of ¥215, 356,918 to the wholesale dealers later than November 16,1948 until the end of the fiscal 1948.

Formerly, the firewood was transacted at governmental werehouses or at a dealer's shop; from the above date on, the transacting place was changed either on-board, on-rail or on-car system. Insidentally, the freight

fare which had formerly been computed on the margin of the government was wholly shifted towards that of the wholesale dealers. But subsequently a request of further increase of the amount was filed by those wholesale dealers, until the bureau has been entered separately into a contract of special transportation with them, calling for a payment of ¥3 per 1 bag (15 Kilograms) of charcoal and ¥ 1 per 1 faggot (1.6 shaku in length, 2.5 shaku in girth). This is not proper.

(507) Improper increase of fee to the designated wholesale dealers, etc.

(Title) Exp, for Adjustment of demand & supply of Firewood & Charcoal

(Item) Work expense

The Forestry Bureau had decided to pay an additional fee of ¥171,197,271 to the wholesale agencies later than January 1949 inclusive thru the end of the fiscal 1948.

Formerly, the delivery and intermediation fees to be paid to the designated wholesale agencies, etc. were ¥ 6 per 1 bag (15 kilograms each) of charcoal, ¥ 0.80 per 1 faggot (1.6 shaku in length, 2.5 shaku in girth) of firewood and ¥ 2.30 per 1 bag (30 kilograms) of gas-wood. These have been one and all increased after January 1949, in proportion to the payment of the extra transport fee noted in the foregoing paragraph, by ¥ 4 per 1 bag of charcoal, ¥0.40 per 1 faggot of firewood and ¥ 1.20 per 1 bag of gas-wood respectively. This case is no more proper than what is noted in the preceding paragraph.

Re. 145

Fund:

(508) Borrowing of Fund in Violation of Law

The Forestry Bureau since April 1948 excessively borrowed the fund totally (accumulation) ¥221,561,876,447 (231 exceeding days: the maximum exceeded amount per day ¥3,950,672,871) up to the end of March 1949, exceeding the maximum amount of 5.5 billion yen (3 billion yen up to July 12) of the charcoal and firewood bills, borrowings, and temporary borrowings authorized by the Special Account for Damand and Supply Adjustment of Charcoal and Firewood Law, and the interest thereof amounted to ¥52,587,757.

The said Bureau construed the money of the purchase price of charcoal and firewood advanced by the funds of the Bank of Japan and the Central Bank for Agriculture and Forestry as the commodity price account payable and not the borrowing of this Account. However, the above advance should be regarded as one of the temporary borrowings, and consequently the amount including the advance should be limited within the said maximum amount. Therefore, it is not a proper measure to have borrowed such a huge amount of money through the misinterpelation of law.

(509) State Articles:
~~State Articles~~ Shortage of Charcoal and Firewood in Store

On the existing quantity of charcoal and firewood in hand of both the Ueda and Ina Branches of the Nagano Charcoal Office, we conducted spot audits in April 1949 concerning the articles being kept in each storehouse, and found out discrepancy between the articles and those on books as follows;

Classification	Quantity on book	Existing Quantity	Shortage
	bales	bale	bale
Charcoal	172,521	151,079	21,442
Firewood	481,986	359,240	122,746
Gas Firewood	40,821	39,821	1,000

The above shortage in the articles was mainly caused through that the authorities wholly consigned business concerning purchase, sale transport and custody of charcoal and firewood to agents without certifying the articles, and we consider the agents and transporters are responsible for some of the above shortage.

As we thought such inconformity as stated above would have existed considerably in many other offices, we investigated them.

The result of our investigation shows the following shortages.

Classification	Charcoal	Firewood	Gas-firewood	Total
Balance on Books as of End of 1948 Fiscal year	Quantity Bale 36,915,857	Bundle 73,568,008	Bale 2,891,719	
	Amount yen 3,376,362,512	yen 1,186,656,713	yen 211,307,069	yen 4,774,326,094
Balance as of End of 1948 Fiscal year subsequently investigated	Quantity Bale 31,756,797	Bundle 49,742,693	Bale 2,615,981	
	Amount yen 2,646,811,904	yen 634,819,440	yen 185,282,894	yen 3,466,914,238
Balanced Shortage	Quantity Bale 5,159,040	Bundle 23,825,314	Bale 275,737	
	Amount yen 729,550,408	yen 551,837,273	yen 26,024,175	yen 1,307,411,856

Re. 668

Special Account for Agricultural Mutual Aid Reinsurance: Rev. (510) Improper measure in Collecting Reinsurance, etc.

(Agriculture Account)

(Title) Receipts from Agricultural Reinsurance

(Item) Reinsurance

(Item) Receipts from silk-manufacturers, etc.

(Live-stock Account)

(Title) Receipts from Live-stock Reinsurance

(Item) Reinsurance

In the Special Account for Agricultural Mutual Aid Reinsurance, the amount of not yet received reinsurance premium was ¥ 101,572,495 in Agriculture Account and ¥ 34,566,408 in Live-stock Account, at the end of 1948 fiscal year.

Looking at a breakdown of the above,

(1) Agriculture Account

(a) Reinsurance premium to be paid by the Agricultural Mutual Aid Insurance Association;

¥ 17,948,238 for 1947 fiscal year - Hokkaido and 3 other prefectures.

¥ 27,235,094 for 1948 " - Hokkaido and 4 other prefectures;

(¥ 45,183,332 in total)

(b) Charge to be paid by silk-manufacturers etc;

¥ 56,389,163 for 1948 fiscal year

(2) Live-stock Account

Reinsurance premium to be paid by the said Association;

¥ 1,391,959 for the fiscal year before 1947 - Hokkaido and 14 other prefectures.

¥33,174,449 for 1948 fiscal year - Hokkaido and 41 other prefectures

(34, 566,408 in total)

The state is to be liable for the payment of reinsurance money whether the premium thereof is received or not, then it has been liable for a debt of ¥ 1,090,000,000 at the end of 1948 fiscal year, in Agriculture Account.

So it has to collect immediately the said reinsurance premium and charge, nevertheless, ¥ 36,951,197 among the abovementioned amount is not yet received as on Nov. '49.

Re. 881, 882

Special Account for Special Measures for the Establishment of Owner Farmers; Rev. & Exp.

Improper payment and receipt of purchase and sale price of farmland, etc.

(511) In consequence of the requirement for rapid enforcement of the farmland reform program, the process of purchase and sale of farmland based on the Law concerning the Special Measures for the Establishment of Owner Farmers, has proceeded almost as projected, but on the other hand the settlement of the prices has been extremely delayed, causing much payable or receivable amount as follows;-

(a) Under the jurisdiction of the Agriculture & Forestry Ministry, the price of farmlands, etc. purchased in order to establish owner-farmers totals ¥9,744,234,297, of which are contained the paid amount of ¥7,967,744,695 (including ¥ 6,520,094,000 that agricultural land bonds have been issued) as well as a large amount of the payable amount of ¥ 1,776,489,601.

(b) Sales compensations of farmland, etc. total some ¥ 9,100 million, of which ¥ 7,517,940,131 has been decided to be collected up to the fiscal 1948; of this amount decided to be collected, ¥537,356,530 has not yet received. Major examples follows; -

Name of district of prefecture	Whole sale price	Amount decided to be collected	Amount received	Amount not yet received
Hokkaido	241,608,300*	167,317,017*	130,370,967*	36,946,049*
Aomori pref,	170,383,440	105,253,308	80,079,579	25,173,729

Akita pref.	305,105,850	191,572,745	157,168,404	34,404,340
Fukushima pref.	330,579,900	181,199,384	150,986,381	30,213,003
Tochigi pref.	310,162,710	212,252,399	190,393,315	21,859,083
Toyama pref.	265,733,010	187,136,559	170,019,102	17,117,457
Nagano pref.	378,139,770	230,317,878	196,797,683	33,520,194

Do.: Rev.

(512) Improper collection of sale price of farmland, etc.

(Title) Revenue from special measures for establishment of owner farmers

(Item) Receipts from lump-sum payment for farmalnd, etc.

(Item) Receipts from instalment for farmland, etc.

At Fukui Prefecture, its management concerning proceeds of sales of agricultural land was improper, and its staffs' crimes delayed to pay them into national treasury.

The proceeds of agricultural land under the Law concerning the Speciel Measures for the Establishment of Owner Farmers, were to be managed as follows: the Governers issue the information of payment thereof to city, town, or village, and they collect the price from buyers according to the information and pay it into the Bank of Japan. But Fukui Prefecture, after the earthquake on June 1948, did not issue the information caused by confusion of business, instead, made city, town, or village to collect the money, and made persons who attended the Meeting of Regular Clerks of Local Agricultural Comittee to bring a part of the proceeds by themselve, of made its staffs to collect it despatching them to city town, or village.

On the while, a certain Iguda, head of Agricultural Land Section of the Prefecture, who was in charge of supervision for collecting bills, dispite of receiving the collection amounting to ¥19,686,173, did not pay it into the Bank of Japan but depositted it in the Fukui Branch of the Hypothec Bank of Japan in his own name, among which ¥6,110,598 was expended by him during Dec. 1948-Feb. 1949, ¥12,848,890. was paid into the Bank of Japan until March, and the balance ¥726,684. was still depositted

Besides, a certain Fukami, employee of the said section, collected the proceeds of ¥260,000 from city, town, or village during Dec. 1948-April 1949, among which ¥90,000. was expended by him.

As we mentioned above irregular managements of collecting proceeds of sales of agricultural land caused the staffs' crimes and thereby delayed the payment of it into the revenue of the State. These are all improper.

Re. 999

IX. COMMARCE AND INDUSTRY MINISTRY (INTERNATIONAL TRADE AND INDUSTRY MINISTRY),

General Account; Expenditure

(513) Improper payment of subsidy

(Part 9) Industrial & Economic Expense

(Title 8) Commercial & Industrial Business Expense

(Item 15) Expense for Adjustment of demand and supply of commodities

The Commerce - Industry Ministry disbursed in both 1947 and 1948 fiscal year ¥ 20,676,261 (of which ¥ 13,892,639 in 1947 fiscal year) to the Hokkaido Coal Mine and Steamship Company, Ltd., as the subsidy for mobilizing self coal-power stations,

In order to meet the shortage of the supplying capacity of electric undertakers, the above subsidy was so granted for the purpose of mobilizing power facilities of the self coal-power undertakers as to increase a general power supply.

On estimating the amount of subsidy to be granted, a balance deducted an amount equal to the charge to be paid when they receive the power supply, from generating expenses of the mobilized power generation was decided to be delivered. Nevertheless, it is seemed that at the time of its delivery the authorities decided the amount of subsidy just as requested ~~an~~ by the claimants, and a thorough investigation into the generating expenses during the mobilizing period was not made. The results of our spot audit in July 1949 on the Shinizuzawa power Station of the said company shows that such expenses as some of the personal expenses, reserve fund for production increase, non-war sufferer special tax, non-war damaged houses tax, repair and remodelling expenses and purchasing expenses of oil con-

denced spark preventing reactors, fire-bricks and stokerrings which were included in generating expenses were hardly deemed to be the expenses during the mobilizing period. As we, therefore, gave attention to them, the authorities concerned was had ₹ 1,285,888 recovered after reexamination.

Re 998

STATE PROPERTY

(514) Improper Management of Government Properties

The Commerce & Industry Ministry had those machinery returned to the State in September 1945 and March 1946 which had been lent to munition factories by the former Munitions Ministry under the Law of Special Promotion of Manufacturing Arms etc. and which procured by the former First Munition Arsenal, and had them kept newly in the custody of each company in which the machinery concerned was situated. According to the reports submitted by each company at that time, however, the number of the machinery was 20,947 sets and the book value thereof was summed up to ¥293,240,426.

As for the machinery, until now after the lapse of three and a half years since the submission of the reports, the Ministry has not certified the number in the reports and not treated them in accordance with the proper regulations. We deem it improper. The result of our spot audits conducted up to June 1949 concerning the actual state of the machinery kept by the Showa Industrial Company and four others numbering 5,150 sets shows that there exists a discrepancy of 437 sets between the number in the reports and the existing number as follows. Nonetheless, no steps have been taken for the above case up to now

Companies	Number in Reports of Companies: Borrowing	War-Damage	Stolen	Taken Over for Custody	Existing Number	Remark
Showa Industrial Co.	3,104	554	276	2,274	2,007	The stolen 13 sets are misreported
Tsukushi " Co.	350			350	306	
Fuso Metal " Co. (Wakayama Work-shop)	66	17	13	53	66	

Kobe Steel Manufacturing Co. (Akaho Work-shop)	208	2	3	203	198	
Kobe Steel Manufacturing Co. (Nakatsu Work-shop)	287		5	282	278	
Matsushita Aircraft Co.	1,125			1,125	1,000	
Total	5,140	573	297	4,287	3,850	Shortage 437

Re. 1000

Special Account for Alcohol Monopoly Enterprise: Rev.

(515) Improper Sale of Alcohol

(Title) Receipt from Alcohol Monopoly Enterprise

(Item) Receipt from Enterprise

At Sapporo and other five Commerce and Industry Bureaus there are 87 improper cases (amounting to 970,754 litres, 83,195,663 yen) such as selling industrial alcohol without taking any regular procedure of degeneration.

As the price of alcohol for particular industrial use is decided on especially low basis, the Bureau, after making the buyers degenerate in the presence of the government officials at the designated spot and date, must deliver a certificate of degeneration and when the alcohol is employed for the fixed industrial use/ by the last consumers, a certificate of consumption must be delivered.

However, concerning the fore-mentioned 87 cases, the procedure was not sufficient, for example, the spot and date of degeneration was not designated, government official neglected the attendance and certificates of degeneration and others were not made, or contents of the documents concerned were untrue. Therefore, whether or not the sold alcohol was employed for the fixed purpose is difficult to confirm, and it is not clear whether the balance should be additionally collected or not.

In case that the alcohol sold at the ordinary price is served for the industrial purpose, the balance between ordinary and special prices must be repaid according to the fore-mentioned certificates of degeneration and consumption.

However, concerning 29 cases, too, amounting to 19,189 litres, 3,342,826 yen compensated by the OSAKA Commerce and Industry Bureau, there is no date sufficient to ascertain the fact of degeneration or consumption.

Re. 291

Do ; Exp.

(516) Improper Payment of Compensation for Alcohol

(Title) Alcohol Monopoly Enterprise Expense

(Item) Enterprise Expense

The Tokyo Commerce and Indnstry Bureau disbursed 2,656,328 yen for 62,667 litres of alcohol received for three times between April and June 1948 from the Kawasaki Factory of the Senraku Liquor manufacturing Co.

Although the above-mentioned price was calculated at 42,388 yen per one kiro-litre which was the unit price of alcohol made mainly from dried sweet potatoes reaped during 1947, at the time of our spot audit practised in Sept. 1949, it was revealed that 43,011 litres of the above-mentioned alcohol was made mainly from dried sweet potatoes grown in 1946, the compensation price ofwhich was 30,058 yen per one kiro-litre. Recalculated on this basis, the fore-mentioned disbursement has been over-paid by 530,325.63 yen.

Re. 575

State Property

(517) Management of Alcohol without entry into Book

The Ishioka, and the Chibe Alcohol Factory of the Tokyo. International Trade and Industry Bureau have dealt with 27,811 litres of produced alcohol (normal selling price ¥11,419,364) (23,567 litres as for Ishioka and 4,244 litres as for Chiba Factory) during April '47-Sep. '49 period, without transfurring it to the article accounting officer and without taking formal Step.

They have held under special custody whole or a part of alcohol of the same quantity with water, mixed into disttilled alcohol in order to adjust the density, and didtrubuted it for their staffs without consideration or at very cheap price, or disposed for liaison use.

Re. 440

(518) Considerably improper custody of molasses

At our spot audit in Sep. 1949 of the Chiba Alcohol Works of the Tokyo International Trade & Industry Ministry about the stocks of molasses kept as the raw material for production of alcohol, despite of the balance on books being 580,323 tons, there were only 514,683 tons of stock according to the inspection; and it was found that not only it was 75,64 tons short, but the stored molasses were diluted with some 30 tons water.

Re. 393

X. TRANSPORTATION MINISTRY

General Account ; Revenue ~~Collection~~

(549) Improper Collection of Proceeds of Special Properties

(Part 3) Miscellaneous Revenue

(Title 3) Receipts from Special Properties

(Item 1) Do.

The Railway Board, Transportation Ministry, transferred the released articles amounting to ¥ 23,567,825 to the State Railway Special Account, during 1948 fiscal year, However, at the time of our spot audit in October 1949, it did not take any steps even to decide the collection of the price thereof.

Ditto: Expenditure

(520)-(523) Improper Use of Appropriation

(Part 10) Public Work Expense

(Title 1) Do.

(Item 2) Work Expense

(520) At Ist. Harbour Construction Div. the official disbursed ¥787,500 (and gov't supply materials equivalent to ¥130,996) from the repairing and constructing expenses of Niigata and Fushiki harbours as a cost of new construction works of 4 residences 947 Tsubo, contracted with Niigata city and Nikka public works Co. Ltd. in May and Oct. 1948.

In the above item of the repairing and constructing expenses, these kinds of works expenses of the residences for the officials are not appropriated.

(521) The Second Port and Harbour Construction Division of the Transportation Ministry has disbursed ¥3,098,000 (in addition to this, ¥21,-798. materials supplied by the government) out of the Yokohama Harbour Reconstruction Expense as the works expenses of the lodgings (74 tsubo) for the employee in the Headquarter of the Division and the extent and repair works expenses of the Headquarter's Office (585 tsubo,) made under the contract given to the Daiwa Construct and Industry Co. Ltd. and other one during the period from Aug-Nov. '48, to Jan. '49 despite no appropriation for such works has been made in the said Reconstruction Expense.

Re. 386

(522) The Second Port and Harbour Construction Division has purchased 967 sheets of a fatigue dress at ¥1,305,450 from the Showa Textile Industry Co. Ltd. on Aug. and Oct. '48: and despite of the limitation to lease, the office has lent those dresses without compensation indiscriminately to the staffs over the limitation.

Not only it is not proper measure, but no purchase expense of such clothes are appropriated in the Work expenses.

(523) The Fourth Port and Harbour Construction Division disbursed in the fiscal year 1948 from among either the constructing of the repair work expense for respective ports and harbours, ¥1,531,646 for new-construction or extension of housing facilities to the employees of the Headquarters, and for other purposes, and also ¥548,673 for the purchase of an automobile for the use of the headquarters, totalling ¥2,080,318. However, the expense of such sorts are not appropriated for the said constructing or repair work expense.

(524) Improper Plan and Enforcement of Engineering Work

(Part 10) Public Work Expense

(Title 1) Do.

(Item 2) Work Expense

The First Harbor Construction Office disbursed in 1948 fiscal year ¥20,232,304 as the construction expenses of a northern breakwater among the repairing works of the Port Akita

This work was done during the May-October period of 1948, in which a breakwater of 268 metres was constructed by sinking struck-off vessels including the Igara (1,020 tons), the Tochi (1,260 tons) and the Take (770 tons) in a line. However, during the time from October to March 1949 they were damaged by the billows: the bow of some 8 metres and the stern of some 24 metres of the Igara were removed outside the breakwater, leaving the below-deck etc. in the center: some 10 metres of the bow of the Tochi was damaged and washed away and decks in center were cracked: some one third of the bow of the Take was damaged and removed inside and some one third of the center was dispersed leaving the bottom and various tanks, and about one third of the stern left only its below-deck etc. The authorities said that the cause of the damage be responsible to the weak strength of the hull itself. However, a conclusion that there was no anxiety about the hull itself was obtained at the Railway Technical Research Institute as the result of thorough investigations. From the above, it can not be considered that the strength of the superannuated ships used for this case was especially weak. The cause of the damage, therefore, is deemed to have rather lain in a lack of attention that if materials unstable such as the superannuated vessels are used for a breakwater, careful attentions should be paid to the foundamental construction.

That is to say, the foundamental dead stone works were performed on the basic breadth ranging 16.5 metres (21 metres in the plan) to 22.6 metres (27 metres in the plan), but it was not sufficient as compared with that of the breakwater of 31.5 metres (constructed by sinking the

of the breakwater of 31.5 metres (constructed by sinking the Shiokaze struck-off ship) in the Port Onahama in which the waves are more weak than that in the port concerned. Moreover, the actually performed amount of dead stone was only 13,117 cubic metres for the original plan of 17,000 cubic metres (which was subsequently revised as 15,900 cubic metres) owing to ill conditions of railway transportation, and the solid bases (3.2 m x 2m x 1.6 m) actually set for the bow and the stern were only 45 pieces against the planned amount of 72 sets. We deemed that the basic construction was not sufficient and consequently irregular subsidences of the ships occurred to the damage of them.

This is, in a word, the case that on occasion of constructing a breakwater by sinking superannuated vessels its plan and performance was improper and consequently it was so damaged as to be intolerable not long before the completion thereof.

Re. 220

(525) Improper Payment of subsidy

(Part 10) Public work expense

(Title 1) Public work expense

(Item 2) Work expense

Kagawa Prefecture has paid in March 1949 to the prefecture of a public entity, ¥1,600,000 as the final payment of subsidy totalling ¥4,000,000 which was to be granted for Takamatsu Harbour reform expense estimated at ¥8,000,000.

The subsidiary order was issued, in this case, under the condition that the dredging operation to the said harbour be completed within the fiscal year. But in fact, though some dredgers have been dispatched there, the operation has not been set about within the fiscal year. Nevertheless the payment of the abovementioned subsidy of ¥1,600,000 was made in addition.

(526) Unlawful custody of special fund out of budget

At Navigation Training Establishment of the Ministry of Transportation, the official has retained since June 1946 a special fund, which has been managed outside of budget.

The amount of the special fund figured at ¥1,209,576 at the time of our spot audit of September 1949. According to the explanation of the official concerned, they transported coals, steel, etc., on the occasion of training cruise on board Isokaze-maru and eight other training ships during the period from June 1946 and April 1949, in order to practise at shipments and in a partial aid of relaxation of maritime transportation, etc., As the compensation therefor, the official said, they received ¥3,850,918 from Far Eastern Shipping Company (Kyokuto Kaiun Co. Ltd.) etc. But the amount was not paid into the State revenue: they used, thereof, ¥1,460,000 for the purchase of three dormitories, ¥785,621 for a special bonus and ¥395,720 for the purchase of books and the expenditures on others, leaving the balance totalling as abovementioned. Their management is by no means proper.

Re. 547

Special Account for State Railway Service ; Exp.

(527 Enforcement of Engineering Work in excess of Budget;

Improper Management

(Title) Business Expense

(Item) do.

In the National Railway Service Special Account, constructions were performed in excess of the budget and the management thereof is deemed improper as follows;

(1) Of an amount of ¥ 1,028,221,550 that was settled as the act to incur disbursements among the constructions in 1948 fiscal year to be paid from the repairs expense, a total amount of ¥ 420,545,564 including ¥ 327,947,270 for establishments and repairs of equipments, ¥ 59,540,138 for establishments and repairs of telecommunications equipment and ¥ 33,058,155 for repairs of the machinery etc. was contracted by the Tokyo and eight other Railway Bureaus as a simple year contract from the beginning to the effect that the completion of works and payment of the price be made within the year. Notwithstanding the fact, however, that the works were finished in the year, every field bureau so signed the contract without paying any attentions to the limitation of the appropriation, and especially so performed new or additional constructions that the amount exceeded the appropriation and became unpayable, and consequently disposed of it inevitably as the act to incur disbursement and carried forward the payment thereof.

(2) In addition to the payment carried forward as the act to incur disbursement as mentioned above, there are more cases where the amounts that became unpayable through exceeding the estimate amount among the constructing expenses of those repair works which had been contracted in 1948

fiscal year and completed already, were disbursed by the appropriation for 1949 fiscal year, forging documents in such manner that they had newly been signed in 1949 fiscal year, of which the amounts found by our spot audits come up to ¥ 28,943,866.

(528) Carrying out of constructing work that has turned out to be westful

(Title) Business expense

(Item) Do.

Morioka Local Maintenance Office contracted in October 1948, emergency reconstruction of devastated area on Yamada Line between Moichi and Gamame, with Kashima Constructing Co., Ltd. and Railway Constructing Industrial Co., Ltd. for which the official disbursed ¥25,404,263 (exclusive of ¥2,352,493 the cost of materials supplied by Government).

Yamada line had been reportedly suspended its traffic over approximately 40 kilometers owing to the damage suffered from both Ione and Kathleen Typhoon in September 1947 and 1948. However, a substitutional trafic service by motor-car was reopened at the end of November 1948, whereby they managed to tide over the pressing need.
Meanwhile, it had come to be viewed that the railroad especially between Moichi and Gamame should be recovered as soon as possible in order to meet the transport of the fire-proof clay produced by Iwate Ceramic Mining Co., Ltd., and they started the work in October 1948 and completed it in February 1949.

In the meantime, however, another formal reconstruction work on the same area extended over 4¼4k/m as abovementioned was launched with the aim of flood-prevention in December 1948.

This formal reconstruction work, which consisted of raising-up of the basic line of the tracks, replacement of rails, change of the

location of bridges and reform of bridge-struts, etc., was contracted with the same contractors as the foregoing work, at the cost of ₩83,075,333 on the condition that the work be completed at the end of July 1949. And it was actually completed towards the end of Sept.

To be sure, the transportation of clay was indispensable, yet, even during the period from soon after the Sept.-'48-typhoon to the time of completion of the emergency recovery work at the end of February, almost the same amount of transportation as pre-typhoon days was maintained through a long-distance transport by the Government-operated or civil-operated automobile service along an interim route, and that, inasmuch as the formal reconstruction work was launched at all, and also in the light of the present situation of the State Railway Account, it is deemed that the said emergency restoration work should have been retrenched. Instead, the expense, the labour, the materials, etc., should have been focused to the formal reconstruction, in order to complete it as soon as possible.

Re. 26

(529) Extremely Excessive Payment of Work Expense

(Title) Business Expense

(Item) do.

Nagoya Railway Bureau, Tsuruga Administration Division paid 4,361,593 yen in July '48 as the cost of repair work of Fukui Station which was let out to the Meitetsu Industrial Co.

They paid the amount just as requested by the contractor but the expenses for material and laborer etc. shown in the application were extremely high as follows;

(1) 1,180,000 yen for 4000 pieces of corrugated slate (2,2 x 6 feet) was amounted, but on inquiry in May '49 by the Board of Audit, only 1,993 pieces were used to roof.

So if we allow for breakage of 10%, 530,000 yen for 1,800 pieces of slate was over estimation.

(2) 413,140 yen of wages for 1,156 tilers (including allowances) and 208,080 yen of wages for helpers (one helper for one tiler), totalling 621,220 yen was amounted. However, it is easy for one tiler to roof some 20 slates in repair and some 13 slates in replace, so only some 100 tilers as for the said repairing roof of 1993 slates and some 120 tilers as for the replacing roof of the remaining 1583 slates, if made wholly, totally 220 tilers should be enough and also the same number of helpers will be sufficient. Therefore, 500,000 yen for about 930 tilers and helpers respectively was over-estimated.

(3) An amount equivalent to 30% of total of expenses for materials, labers and other services was amounted as the expenditure, dispursed, but about 1,030,000 yen was over-estimated, as abovementioned, in these expenses, consequently these was 300,000 yen of over-estimation among this expense.

Besides, among the construction expenses in this case [illegible] amount for roof works was totally some ¥ 2,500,000, and actual [illegible] for repairing works was about 2,000 sp. meter - about ¥ 1,250 per one sp. m., so if we allow some expenses for roof replacing works, it was extremely high compared with ¥ 400 per one sq. m., for roof works among the new construction of the adjoining building in Fukui-Station (668 sq. m. in total) which the Gifu District Construction and Maintenance Division has let out to the Kumagaya-gumi Co. in Feb.'49.

Re. 428

(530) Over-payment of National Treasury's share to the Railway Mutual Aid Association

(Title) General expense

(Title) Business expense

(Title) Construction & Repair expense

The Naeho Work-shop of Sapporo Railway Bureau paid to the Mutual Aid Association of State Reilway ¥13,939,738. during 1948 fiscal year, a s the treasury share in accordance with the National Public Service Mutual Aid Association Law, among which ¥3,947,615 was over-paid.

The Work-shop decided to pay the balance of salary between ¥2,900 base and ¥3,921 base during July, August, and September, 1948, on Oct. and Nov. , and reported to the Sapporo Railway Bureau the amount of whole payment of Oct. and Nov., adding the said balance to the proper wages. However, the Bureau mistook the amount as the proper wages only without detail inquiry, and decided the basis of treassury share according to such an amount as adding the balance during July-Sep. to the reported amount, and in consequent of the above, it ordered the Work-shop to disburse it. The Work-shop, too, disbursed it just as ordered, without inquiry, then the said overpayment of ¥3,947,615 was occurred.

But, according to our notice at our spot audit on August 1949, it was paid into the national revenue.

Re. 721

(531) Non-withholding of income tax from night work additionel allowence

(Title) General expense

(Title) Business expense

(Title) Construction & Repair expense

Each bureau, division or other office of National Railway paid ¥ 827,926,210- for employee during 1948 calender year as the additional compensation for night work, and did not withhold income taxes therefrom amounting to some 168 million yen.

The additional compensation for night work has been paid since Nov. 1946 but each bureau, division or other office has not taxed thereon.

According to our notice, they decided to withhold the taxes since after Nov. 1948, and also as for the compensation paid during Jan. - Oct. 1948, in consequence of negotiation with the National Taxation Board, they decided to collect, the balance in increase of already paid tax by instalment to during Oct. 1949- Feb. -1950 at payment of salary, by recalculating the year end adjustment of tax for emplyees who were in service as on 30th September.

However, they have not done disposal for the compensation paid before 1947 fiscal year.

Re. 727

(532) Violation of the division of fiscal year

(Title) Construction & Repair Expense

(Item) Do.

The Kofu Administrative Division of Nagoya Railway Bureau disbursed ¥3,942,634. as the cost of construction No.1-No.3 and No.7, the erection of official residences at Kofu let out to the Meitetsu Construction Co. Ltd. on January, 1949, out of the budget for fiscal year 1948 as if all constructions had been accomplished within the fiscal year, notwithstanding the process as of the end of the fiscal year was only some 10 per centum.

Re. 20, Re. 962

(533-534) State Loss caused by Employees' Crime

(Title) Business Expense

(Title) Construction & Repair Expense

(533) At Sapporo Railway Bureau, Hakodate Administration Division settled 237,096 yen (61,607 yen for '47) as the expenditure disbursed, but in fact, this was the total of 210,487 yen swindled by certain Suzuki, an engineer of the Transportation Ministry, who added totally 1,514 labourers by fraud on the report for work between Aug. '47 and Nov. '48 and swindled the wages for labourers, and 26,609 yen paid to the treasury as the income tax for the wages.

(534) At the Kushiro Administration Div. of Sapporo Railway Bureau, a certain Kagei, Engineer of the Transportation Ministry, has usurped 251,840, yen, wages for laborers by overcharging wages for totally 841 labourers between around June and Dec. '48 while on his working in the Maintenance Office. 47,891 yen among them was indemnified on March '49.

Re 262

Fund

(535-536) Improper management in selling articles

(535) The Tokyo Railway Bureau have delivered the stocks to the Japan Railway Association and other 51 persons during '46-'48 fiscal year, and arranged them as the temporary delivery without collection of the prices as follows as of the end of May '49: ¥62,582. for '46 fiscal year, ¥12,061,672. for '47 fiscal year, and ¥21,909,293. for '48 fiscal year: and even at the time of our practical audit on Sep. '49, ¥8,067,888 (as of each fiscal year) have been still left.

The Nagoya Railway Bureau, as well, have delivered steel and steel scraps to the Fujikoshi Mining Co. Ltd., and arranged them as the temporary delivery without collection of the price amounting ¥2,547,892.

Despite the delivery of actual articles, the stocks have been journalised as visionary remainder, as the result of such a disposal, it is deemed to be improper.

Re. 250

(536) At Tokyo Railway Division the official sold in March 1949, some 20,000 type-A brake-blocks that had been under the custody of Oi Work-shop, the book-value of which was totally ¥ 4,316,000 (unit price, ¥ 215,80) to " Tetsudo-Kosai-Kai," a foundation, at the price of ¥1,440,000 (unit price, ¥ 72), on the score that the said goods were unnecessary.

The goods had been purchased in June 1948, consequently converted wilfully into "class-C" storage, to be disposed of at a low price.

This management is deemed to be improper.

In this connection, the same work-shop is now manufacturing the same goods as above, totalling 30,065 in number at the price of ¥ 4,441,043. (unit price ¥147.71)

Re. 155 co.

(537) The Railway Board of the Transportation Ministry has purchased the goods amounted ¥153,520,067, which were not directly necessitated for transportation services, out of the stocks purchase funds and also inflicted a loss amounts ¥ 18,664,063 - on the state, by improper dealing of the purchased goods.

That was for the sake of sale to the employee in respective railway divisions and works under its jurisdiction, they have purchased 6,000 sheets of white shirts, 132,612 sheets of open-necked shirts, 110,700 pairs of cloth shoes, 343,800 sheets of neckties, 59,240 sheets of jumpers, 525 sheets of pants and 56,600 sheets of cold protecting vests; and these disposals are improper just like the same disposals described in the audit report of the final accounts for 1947 fiscal year.

And out of those purchased goods, 2,197 sheets of white shirts, 29,492 sheets of open-necked shirt, and 2,858 sheets of jumpers, ¥ 6,379,025 in total, were leased not according to the restrictive regulations; and also 52,665 sheets of cold protecting vests were sold at ¥ 275 - for each, despite its average unit cost ¥ 495, then ¥ 11,685 038 was journarized as the loss differentials.

In addition to the above, the purchased goods amounting ¥ 74,803,033 are left in keep, becaused no wish of borrowing.

Besides, the Nagoya Railway Bureau have disbursed ¥ 15,469,415 (including ¥ 7,299,590 as for 1947 fiscal year) as the price for 78,400 pairs of rubber-sold cloth shoes purchased from the Nami Mercantile Co. Ltd. and 3 others during Feb. - Aug. '48, and among which, lent 78,002 pairs to all the staffs under their jurisdiction, except those qualified for borrowing rubber-soled socks.

Re. 157

(538) - (539) Improper purchase of goods

(538) The Tokyo Railway Bureau have defrayed ¥4,025,000 - as the price of 510,000 cakes of No.2 soap (for hine-use) purchased from the Shoei Industry Co. Ltd. during Feb.-Aug. 1948.

Now these soaps were of worse quality, including less than 12% fineness of soap, than washing -powder (including 30% fineness of soap), so after distributing them within their jurisdiction, the Bureau withdrew 251,424 cakes out of them because of no use and decided to make the said company exchange them, but only 50,000 cakes was exchanged and the others are still left.

Moreover, 500,000 cakes of the same soaps, purchased at ¥ 4,070,000 by the Osaka Railway Division from the said Co. during June - Aug. 1948, were of no use too, and so they have had the said company remade 497,809 cakes of the said soaps at the additional compensation of ¥ 5,784,540.

Re. 36

(539) Kokura Workshop of Moji Railway Bureau has paid ¥3,112,000 the cost of 36,000 glass tubes for guage purchased from Koa Manufacturing Work in April '48.

The Bureau purshased them made by Horikawa Manufoctory through the said Work, an agent of it at the unit price as follows: ¥69 for those with $\frac{9}{16}$ inch in diameter and 14 inches in lenghth, ¥106 for $\frac{9}{16}$"x 24" and ¥142 for $\frac{3}{4}$" x 24". Comparing it with the unit price of the same kind of tubes which Tokyo Railway Bureau purchased in Dec. '47 at ¥33 for $\frac{9}{16}$" x 24" and ¥70 for $\frac{3}{4}$" x 24", however, it was extremely high and also expensive comparing with the unit price of those which Nagoya, and Osaka Railawy Bureaus purchased in Aug. '48 respectively.

The officials concerned explained that they purchased the tubes in question as to be the best quality because they inspected many goods manufactured by various works but failed to find those of good quality, however, it was found that the tubes in question were not of better quality than other manufactured goods according to experimentation held by Railway Technological Reserch Institution in accordance with a demand of the Board.

Re. 28

(540) Too expensive manufacturing cost of goods

At Nagoya Railway Bureau, the official made a contract in November '47 with Shoko Trading Co. Ltd. of gilding with zinc of steel-sheet (0.6 m.m. x 2.5 ft. x 6 ft.), totally 151.323 tons in weight: for which they paid in January and May 1948 ¥1,035,049 (inclusive of ¥478,800 for 1947 fiscal year).

This manufacturing cost is calculated on the basic rate for one ton of steel-sheet of ¥6,840, of which contained ¥4,350 for 250 kgs. of covering zinc ore. But the prevailing consumption of zinc ore in such case as this is estimated at 100 kgs. at the cost of approximately ¥1,740. And so, they have paid in excess of 2,000 odd yen per one ton of steel-sheet, ¥300,000 in the whole conctracted quantity.

By the way, the said work has been wholly sublet to Osaka Iron-steel Manufacturing Co., Ltd at the cost of ¥707,691 (¥4,680 per ton).

Re. 256

(541) Extremely Expensive cost of firewood manufacture

Himeji Sub-division of Osaka Railway Division made a contract in April and August 1948 with Daitetsu Industrial Co. Ltd. of producing on commission of 50,000 faggots of firewood after supplying 5,750 koku standing timbers; for which the official has disbursed ¥ 2,316,000.

The unit commission in this case for 30,000 faggots (2.5 shaku in girth, 4 shaku in length each) contracted in April is alleged to have been ¥ 38 and for 20,000 faggots (2 shaku in girth, 4 shaku in length each) contracted in August is alleged to have been ¥ 58.80. But in comparison with the official producer's price of firewood in April of ¥14.63 and in August of ¥ 45.60 , the alleged commission is excessively high despite that the standing-timbers had been supplied in this case.

Supposing the contract had been made at the price deducting the cost of the raw-timbers from the official price of faggots, some ¥ 1,000,000 might have been saved.

Re. 156

(542) Improper payment of hire of oil-cars

The Railway Board of the Transportation Ministry have defrayed ¥1,081,869 to the Naigai Transportation Co. Ltd. and the Japan Petrolium Co. Ltd. as the hire for 37 oil-cars used for tranporting an oil for the Allied Forces during the '47 fiscal year. This case was caused by misunderstanding those cars as the companies' property, despite of being the state property.

Re. 162

State Property

(543) Improper administration of State Properties

Sapporo District Facilities Division loaned out without a consideration 10 caissons (mamufactured at the cost of ¥ 439,-441) in July 1948 to the Hokkaido Distmict office, as for the use of repairing works of the Port Muroran performed by the Muroran Civil Service Agency with the Public Service Expenses.

However, the abovementioned caissons were a part of those manufactured in 1940 thereabout for the use of the foundation of wharf construction works in the said port which the said Division have suspended since August 1945; and five of them were being laid already but removed to loan, and other five being left not used, at that time.

Judging from their actual State of ~~Use~~ use for the foindation the exploitation wharf, it seems difficult to take them back. Therefore, the Board ~~it~~ should prompty take some steps to make it the custody mode for a consideration.

Re. 535

(544) Improper management of articles

At the respective workshops of the National Railway, the officials failed to settle the account as to the stores that had been actually used in the fiscal 1948, within the proper budgetary items. Instead, they have settled the articles as provisionally used. The total value of such articles figures as much as approximately ¥ 183,165,820.

The officials used the articles at random regardless of the balance of the respective items to be applied, causing the use of articles in excess of the budget at the year-end and they were consequently obliged to settle them as stores then under custody. These stores were actually used up regardless of the appropriation, a majority of which were not any longer to be regarded as assets of that business year. Nonetheless they were improperly settled as assets.

In this connection, in the whole scope of the State Railway Service Special Account, there have been the cases where the official failed to settle respective stores used in 1948 fiscal year to the respective budgetary items due to deficit of budget, leaving them as stores for temporary use, totalling to some ¥ 514,113,159 inclusive of the aforesaid case.

Re. 257

(545) Manufacture and delivery of cars etc. without any contract

There have been brought to light by our spot audit that the Railway Bureau of the Transportation Ministry delivered at least 101 passenger-cars, 904 freight cars, 143 electric cars and 36 locomotives totalling 1,184 which had been produced and remodelled by the Nihon Vehicle Manufacturing Co. and 11 others, at the total cost of ¥ 1,300,193,077.

In this connection, according to the official concerned, the revision of price system in July 1948 made it difficult to purchase so many cars as were initially planned and the purchasing plan was revised. However, the revised plan being insufficient to meet the transportation amount during the fiscal 1948, the supplementary budget was claimed, but not recognized.

On the other hand, the vehicle manufacturers continued the production of not only the initial plan but even more than it in order not to have the production equipments idle, and therefore a large number of cars were completed without concluding any contract. The companies asked the government for the employment of these cars, saying that it was unfavorable to the efficiency in workshops, the preservation of cars and also to our national economy to have these cars remain in the factory, and the government delivered these cars in consideration of the current shortage in the transportation capacity. However, it is deemed to be improper to deliver and employ the cars without any contract.

Besides, in the Special Account for the National Railway Service about 2,517 million yen of materials including the fore-mentioned cars were delivered without any contract during the fiscal 1948 and about 1,674 million yen of them were employed within the year.

Moreover, there are about 1,615 million yen of materials, inspection of which have been reserved owing to the shortage in fund despite that the materials were delivered according to contracts, and approximately 288 million yen of them have been employed within the year.

Re. 152

(546) Improper handling of stores

The Sappore Railway Bureau have depreciated 222,754 pieces of cross-ties amounting to ¥ 71,566,876 as inavailable because of rot (depreciated to 0.5% vale in compare with available cross-tie) at the end of 1948 fiscal year.

Such rot was caused, it is deemed, by such an improper custody that the cross-ties were heaped up out on the graund near station or they were not utilized in regular turn for a long period.

Moreover, Sappore R.B. has transferred 56,163 corroded cross-ties (amount of ¥16,187,397) to Tokyo and 5 other R.B. at the expense of ¥8,586, 399 in a rough estimate, during from Aug.'47 to the end of March '49, among which 9,326 cross-ties have been saturated with creosote notwithstanding those had been corroded already at that time.

Re. 718

(547) A lot of delivered materials, left unrecovered

Osaka Railway Bureau has delivered on Nov. and Dec, 1945, 15,300 pieces of shpun wool to a certain Ito of Osaka city as a material of 15,300 pieces of a blanket which have been let out to him to work upon. Despite of no delivery of them, however, the officials have not taken any step on Jan. '49 three years after Dec. '45 and Jan. '46 the date for delivery, when we conducted a spot audit. By our advice, the officials made him indemify ¥10,000 until Dec. '49 among ¥528,517 of the indemnity.

Besides, the Bureau has delivered in the same way on Oct. '46, 2,823 kgs of petrolatum and 2,476 litres of a machine-oil, etc. to the Suzuroku Store of Osaka city, as a material of ~~glycerin~~ grease. The manufactured goods were delivered on April '49 by an advice of the Board.

Re. 269

(548) Improper Settlement of Stores

The balance on inventories of the stock (inclusive of goods in temporary use or in suspense delivery) at the end of 1948 fiscal year, of the Special Account for State Railway service is ¥ 16,526,631,777, resulting in a difference of ¥ 113,232,440 compared with the balance on account book of articles ¥ 16,639,864,217.

This has been settled on deficiency account as a loss in the gross.

Also, the balance in ledger of the stock at the end of 1948 friscal year (after the above disposal) of this Special Account is ¥ 16,843, 049,142 and there is a difference of ¥ 316,417,365 compared with the abovementioned balance on inventories, which has been disposed as un-adjested account, and ¥ 286,334,547 of it has been disposed as deficit on May' 49 when this Spec. Acc. was abolished. These are all due to improper adjustment of stored goods.

Re. 176

XI. COMMUNICATIONS MINISTRY

General Account; Expenditure

(549) Disbursement and abuse of budget by a fictitious name

(part 13) common expense for administration

(Title 2) Miscellaneous expenditure

(Item 1) do

(part 18) post-war disposal expense

(Title 2) do

(Item 1) post-war disposal business expense

The Aeronautical Safety Division of the Communications Ministry disbursed 6,050,167 yen (including 418,159 yen paid in the fiscal 1947 and 1,610,476 yen disbursed in the fiscal 1949) between August 1947 and July 1949 under the name of allowance to the staff and so on.

The above-mentioned sum was disbursed drawing up false statements of allowances, etc, and 3,475,203 yen of the sum was employed as follows;

payment of income tax and premium to the Mutual Aid Association, 804,456 yen

supplement to the commuting cost of the staff, 1,216,213 yen

funds for passing winter and others, 936,264 yen

pay to the laborers, rewards and miscellaneous costs, 678,389 yen

conference expense, 379,879 yen

Total 3,475,203 yen

Although 1,343,692 yen among the rest 2,574,965 yen was repaid to the National Treasury, the balance was reserved and employed as a day to day loan to the staff.

Re. 239

(550) Improper use of budget

(Part 18) Post-war disposal expense

(Title 1) Do.

(Item 1) Post-war disposal business expense

The official of Aircraft safety Board, Communication Ministry disbursed ¥2,400,000 as a cost of the wooden tile-roofed two stories building the total number of Tsubo, 175.1 purchased from a certain Hosoda in Tokyo in March, 1949, and ¥690,000 as a cost of the repairing works of the building contracted to Takano Constructing Co. Ltd. in March. This building was purchased and repaired as a residence for the staffs, but the expense for purchasing or repairing of this kind of building was not appropriated in this budgetary item.

Special Account for Communications Service:

Revenue & Expenditure

(551) Mis-calculation of amount in preparing the settlement of revenue and expenditure

The final account of revenue amounting to ¥81,057,149,732 of the Communications Service Special Account for 1948 fiscal year and that of expenditure of the same Account amounting to ¥74,146,879,717 includes a revenue of ¥45,429,539,722 and an expenditure of ¥39,494,734,053 as handled by assistant accounting officers in charge of payment made by appropriation from another fund of post offices. However, the amount handled by them that was found clear as of October 27, 1949 was ¥45,436,899,124 in the revenue and ¥39,524,381,909 in the expenditure, so there exists the difference of ¥7,359,401 in the former and ¥29,647,855 in the latter respectively compared with the amount settled in the final account.

Re. 510, 707

Do; Expenditure

(552) - (553) Improper use of budget

(Title) service Expense

(Item) General expense

(Item) Business expense

(552) The Ministry of Communications has notified the appropriation of ¥ 33,773,816 to the subordinate bureaus of offices thereof as the expenses for productive equipments, and the works such as a farm, salt-manufacture and fishery etc. have been made by the said Ministry or Communications Mutual Aid Association. As for a farm and salt-manufacture among these works, the Ministry gave the Mutual Aid Association heretofore a subsidy for the welfare equipments (¥ 8,360,000 was disbursed until 1947 fiscal year) in order to make the Association to install or operate them, and moreover, it disbursed a great amount of the state expenditure for these works by appropriating the budget every fiscal year by the reason that a subsidy is not enough to operate the equipments. Also the fishery works have been under direct management of the government, for which ¥15,567,100 was disbursed from the state expenses until 1947 fiscal year.

In the 1948 fiscal year, no expenditure was appropriated for these works. Nevertheless the Ministry has been appropriated a great amount of the state expenses amounted to ¥ 33,773,816 as abovementioned to the operation of productive equipments and continued the works under direct management of the government or extended the equipments.

Such a measure is not proper, as we have pointed out already in the Audit Report of 1947.

Re. 513

(Title) Service expense

(Item) Business expense

(Item) Construction & Repair expense

(553) Tokyo and 3 other Communications Bureaus, Nagano and 10 other Elec, Communications & Constructions Bureaus have disbursed ¥ 7,413,622 as the cost of 61 movable sheds which they have purchased for the use of constructions during 1948 fiscal year. But those were not what is called a shed to be used as a place for materials or a lodge but a fixed structure, which they were using as a warehouse, residence or night-duty room. Above all, Sapporo Communications Bureau has purchased 5 structures at ¥2,177,400 which had been designed as a warehouse from the start and Asahigawa Elec. Communications & Constructions Bureau has purchased one house at ¥115,500 under a pretext of purchase of a shed.

A regular budgetary procedure is necessary for constructing or purchasing such a structure, nevertheless they made it under a pretext of purchasing a shed which is a "commodity". This is improper too as we have pointed out the same matters in the Audit Report of 1947.

Re. 248

(554) Improper plan of manufacturing post-cards

(Title) Service expense

(Item) Business expense

Material Bureau of the Communications Ministry has disbursed ¥25,759,087 between April and Setp. '48 as the cost of 352,350,000 pieces of a postcard (50 sen) received from the Printing Bureau.

The Material Bureau entrusted to manufacture 700 million cards to the Printing Bureau at the beginning of 1948 fiscal year, but there was a suggestion for revising the charge and also the Bureau was holding 178,230,000 cards carried foward from the preceding fiscal year at that time (enough to be supplied for 3 months), so they should have minimized the manufacture of cards directing the necessary number monthly until the new charge was decided. Nevertheless they did not take any measure so the Printing Bureau manufactured 352,350,000 cards until July 15 just after the charge was revised. As they received there cards wholly, they were still holding about half of such cards without use as on January '49.