



The Bank's Organizational Management in Fiscal 2013

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I. STATEMENT OF ACCOUNTS AND BUDGET FOR EXPENSES

As for the Bank of Japan's expenses for fiscal 2013, the Bank duly made, in line with the budget, the disbursements necessary to cover "The Bank of Japan's Strategic Priorities for Fiscal 2013–2015" (the 2013–15 Strategic Priorities). With regard to the Bank's statement of accounts for fiscal 2013, the total amount of actual expenses increased from the previous fiscal year by 0.9 percent (1.6 billion yen) to 182.5 billion yen. Regarding the Bank's budget for expenses for fiscal 2014, the Bank has carefully

examined overall expenditure in compiling a suitable budget for the year while securing the necessary budget to perform its role as central bank. The total amount of actual expenses in the Bank's statement of accounts for fiscal 2013 reflects the provisional and exceptional measure taken by the Bank to reduce its officers' and employees' remuneration in support of rebuilding efforts following the disaster caused by the Great East Japan Earthquake.¹

II. IT INVESTMENT

The Bank steadily carried out the system development projects necessary to achieve the goals set out in the 2013–15 Strategic Priorities, while working to raise the efficiency and streamline the development of such projects. Specifically, projects such as construction of

the new Bank of Japan Financial Network System (BOJ-NET) proceeded as scheduled. The scale of system development for fiscal 2013 was 14,003 person-months² (including 10,969 person-months that were outsourced).

III. HUMAN RESOURCES

The Bank maintained the number of employees necessary to achieve the goals set out in the 2013–15 Strategic Priorities without breaking the ceiling on the number of full-time employees for fiscal 2013, which was set at 4,900. Following the Bank's efforts to further increase the overall efficiency of its business operations while securing the staff needed to enhance its capabilities, the number of full-time employees was 4,620 at the end of March 2014, down 43 from the

previous fiscal year (Table 1).

Regarding remuneration, the Bank reduced its officers' remuneration by between 10 and 30 percent as a provisional and exceptional measure for fiscal 2012 and 2013, in support of rebuilding efforts following the earthquake disaster.

As for its employees, the Bank reduced annual remuneration by between 5.94 percent and 9.79 percent as a provisional and exceptional measure for

1. A cut in officers' or employees' remuneration increases the Bank's payment to the government because the Bank pays the government its entire net income—after deducting expenses and income taxes—excluding certain provisions and dividends.

2. In system development, one person-month is the workload equivalent of one person working for one month.

fiscal 2012 and 2013, in support of rebuilding efforts following the earthquake disaster. With regard to the base levels of annual remuneration for fiscal 2013, to which the reduction rates were applied when calculating

the actual annual remuneration, base levels of both salaries and bonuses were kept unchanged from the previous fiscal year.

Table 1

Number of Full-Time Employees as of the End of March 2014

number of people; figures in parentheses are as of the end of March 2013

Total		4,620	(4,663)
Head Office ¹		2,704	(2,691)
Branches		1,844	(1,899)
Local offices ¹		48	(49)
Overseas representative offices		24	(24)

Note: 1. Full-time employees of the computer center and the banknote operations center, two of the 14 local offices, are included in the number of full-time employees at the Head Office.

IV. ORGANIZATIONAL MANAGEMENT MEASURES

With a view to addressing the issues and moving forward with the action plans stated in the 2013–15 Strategic Priorities, the Bank implemented the following measures with respect to organizational management.

A. Stable and Efficient Business Operations

The Bank continued to ensure that all operations were executed with precision and deliberation. In particular, it ensured that the necessary operational procedures were put in place in a swift and appropriate manner to implement policy measures effectively.

Meanwhile, with a view to the stable execution of its business operations, the Bank assessed its business processes so as to identify where operational risks existed, including those associated with information security, and how such risks were being controlled. It then worked toward further improving the appropriateness of its risk management by revising its business processes as necessary.

With a view to the efficient execution of its business operations, the Bank, based on the Plan-Do-Check-Act

(PDCA) cycle, part of which involved operational restructuring and the assessment of its business processes, made efforts to raise the efficiency with which it used management resources as well as the efficiency and productivity of its business operations. These efforts included the following: keeping low priority business operations to a minimum, or where possible abolishing them completely; streamlining business processes by, for example, making greater use of outsourcing; and achieving a more flexible allocation of human resources. Specifically, the Bank worked to achieve wide-ranging efficiency gains across areas that included the construction of the new BOJ-NET, the provision of services relating to banknotes, treasury funds, and Japanese government securities (JGSs), and the compilation of statistics. The Bank also worked to improve the efficiency of its system development by streamlining development processes, employing new technology, and promoting outsourcing.

In order to ensure the fairness of its business

operations and organizational management, the Bank maintained thorough compliance with all requisite laws and regulations.

B. Human Resource Development

The Bank improved job rotation and career development programs, and vigorously promoted personnel exchanges with outside institutions, with a view to developing human resources.

With the aim of promoting working arrangements that take into account employees' work-life balance, the Bank proceeded with improving the employment and working conditions of its employees based on the second phase of the action plans set out in "Measures to Support the Development of the Next Generation" by, for example, implementing measures to support employees who are raising children. As the Bank had achieved the goals for the second phase, it formulated

action plans for the third phase starting from fiscal 2014. In the new phase, the Bank will continue to work to improve the employment and working conditions of its employees so that they can balance work and child-rearing.

C. Performance Reviews

Every fiscal year, the Bank conducts performance reviews of the progress that has been made in the business operations and organizational management highlighted in the Strategic Priorities. Its evaluation of progress in fiscal 2013 for "Issues and Action Plans" and "Organizational Management" set out in the 2013–15 Strategic Priorities is described in the sections entitled "The Bank's Review of Fiscal 2013" and "The Bank's Organizational Management in Fiscal 2013" in this issue of the *Annual Review*.

V. INTERNAL AUDITS

The Internal Auditors' Office at the Bank conducts internal audits of the Bank's business operations at its Head Office, branches, local offices, and overseas representative offices in order to examine the appropriateness of its business operations and the adequacy of its operational risk management as well as the fairness with which its business operations are executed. The results of audits are reported to the Policy Board.

In fiscal 2013, the Internal Auditors' Office audited 4 departments at the Bank's Head Office (the Secretariat of the Policy Board, the Financial System

and Bank Examination Department, the Currency Issue Department, and the Administration Department), 2 overseas representative offices (New York and Washington, D.C.), 15 branches (Kushiro, Sapporo, Hakodate, Aomori, Akita, Maebashi, Niigata, Kanazawa, Matsumoto, Shizuoka, Kyoto, Kobe, Okayama, Hiroshima, and Kagoshima), and 7 local offices (Asahikawa, Obihiro, Mito, Toyama, Fukui, Nagano, and Miyazaki). In addition, in fiscal 2013 the Bank carried out target inspections on the accuracy in the preparation of financial statements.