

FINANCIAL STATEMENT ACT

This Act, comprising of Thirty-Two Articles was enacted and promulgated by Governmental Orders on August 9, 1938; and come into force on January 1, 1941

The entire Twenty-nine Articles of this Act were amended and promulgated by Presidential Orders on May 27, 1948.

The entire Thirty-Eight Articles of this Act were amended and promulgated by Presidential Orders on December 15, 1960

The entire Thirty-Two Articles of this Act were amended and promulgated by Presidential Orders on December 21, 1972

The heading of Chapter 1, Article 4-7, 9, 14, 15 and 28 were amended and promulgated by Presidential Order on December 13, 2000; Article 26.1 was added; Article 10 and 13 were subsequently repealed/deleted

Amended & Promulgated on May 14, 2008 by Presidential Order
No.Hua-Zong-Yi-Yi-Tzu-09700057111

CHAPTER 1 GENERAL PROVISION

Article 1 (Scope of this Act)

This Act shall govern the promulgation, audit and preparation of financial statements of the Central Government of Republic of China.

Article 2 (Time of settlement and Ending Period)

Settlement of accounts by government shall be undertaken once a year in every fiscal year. Two months after the end of a calendar year shall be the ending period of that fiscal year.

Time limitation for handling affairs relating to payment and receipt within the ending period shall be decided by the Executive Yuan.

Article 3 (Types of Financial statements)

Government financial statement shall be compiled pursuant to its budgets into following types:

1. General financial statement
2. Financial Statement of Departments
3. Sub-Financial Statement of Departments
4. Financial Statement of Subordinate Department
5. Sub-Financial Statement of Subordinate Department

Article 4 (Scope of financial statement)

Annual revenue and expenditures of government in every fiscal year, borrowing and repayment of loans and appropriations from the remaining of annual budget from previous years shall be incorporated into the financial statement; income and

expenditures not yet included in the financial statement of preceding year shall be incorporated into separate schedule attached in the financial statement.

The result from the execution of the authorized fund relating to future promises given by the Legislative Yuan in one year shall be expressed in the financial statement for that same year; any expenses that are likely to be incurred in the future fiscal year from aguarantee, surety or contractual agreement shall be explained in a table to be included in the financial statement.

Article 5 (Account and Category)

The accounts of financial statements and their categories to be prepared shall depend on the accounts and categories listed in the budget for the same year. However, accounts organized, appropriated by the Executive Yuan according to statutory provisions, First Reserve Fund and other accounts appropriated for purposes prescribed by National Budget, Accounting and Statistics Authority (ōBAS Authorityō) shall not be subject to this limitation; For incomes that are not listed in the budget of that year, it shall be itemized according to the nature of income, then incorporated into the financial statement according to its category.

Article 6 (Departmental Authority Fund and Currency for the Amount Recorded)

Departmental authorities and funds used in financial statements shall be governed by the Budget Act; the currencies for the amount recorded shall be consistent with budgets approved according to statutory provisions.

Article 7 (Account exempted from inclusion in the financial statement)

All accounts receivable, accounts payable, expenditure encumbrances in financial statements which have not been realized for a period of five years after the ending of fiscal year in which statements were prepared, shall be exempted from inclusion into the financial statement. However, accounts receivable or accounts payable which are required to continue to be realized pursuant to other laws or regulations shall be incorporated into the financial statement prepared for the year in which those accounts have been realized under appropriate budget accounts.

CHAPTER 2 PREPARATION OF FINANCIAL STATEMENTS

Article 8 (Application of Law)

Unless otherwise provided in this Act, the preparation, delivery, audit and consolidation of accounts in financial statements for each authorities and funds shall be governed by the Accounting Act pertaining to preparation of financial statement.

Article 9 (Changes in authority or fund)

In the event that there are changes in the authorities or funds within the fiscal year, financial statements shall be prepared in accordance with the following:

1. Where authority has been re-organized, the amount or the jurisdiction of funds have

been changed or transferred to another authority, financial statement shall be prepared by the authority which is in control after the re-organization or authority in charge of fund after the change or transfer.

2. Where the name of the authority or the fund has been changed, financial statement shall be prepared by the said authority or authority that is in charge of funds after the change.
3. Where numerous authorities or funds amalgamate into one authority or one fund, the financial statements for each fund or authority prior to amalgamation shall be prepared each and separately by the said authority or authority that is in charge of fund after the amalgamation.
4. Where re-organization or alteration of authority results in division of budget or where a fund was amalgamated but later divided into numerous funds, financial statement shall be prepared by that original authority or original authority that is in charge of fund for the period in which the budget or fund remain undivided.

Article 10 (Deleted)

Article 11 (Date in which financial statement must be prepared)

For government affiliated authority or fund closing prior to ending of fiscal year, the said authority or competent authority in charge of fund shall settle all accounts on the date in which the authority or fund close. However, the authority consolidating the financial statement shall be required to incorporate all accounts settled by said authority or fund into the financial statement of that year.

Article 12 (Financial Statements of Departments)

Financial statement of departments by authority shall be compiled by each departmental authority. During compilation, tables for execution of budget shall be prepared according to actual facts, other financial reports pertaining to execution of budgets, explanation as to the processes in execution of budget, execution of policy plans, explanation as to efficacy of business plans and related important statistical analysis shall also be attached.

Financial statement of department by special fund shall be compiled by authority that is in charge of the fund in accordance with the foregoing paragraph.

Article 13 (Deleted)

Article 14 (Financial Statement of Enterprise Fund and Financial Statement of affiliated division of National Administered Enterprise)

Financial statement of subordinate department relating to financial statement of enterprise fund particularly the actual progress of execution of business plan shall be prepared in accordance with financial records, including attachment of explanations as well as business report and relevant important statistical analysis, delivered to each relevant authorities.

Each affiliated division of national administered enterprise, whose capital is independent of each other, profit and loss is calculated individually or re-invested into other businesses, or its share interests exceed 50% shall attach a sub-financial statement for each division or enterprise.

Article 15 (Main content of Financial Statement of Enterprise Fund)

The main content to be included in financial statement of subordinate department relating to financial statement of enterprise fund are as follows:

1. Calculation of income;
2. Circumstances of cash flows;
3. Asset and liabilities;
4. Proposal for the profit distribution or loss replenishment.

Financial statement of business income and expenses in Subparagraph 1 of foregoing Paragraph shall make a due comparison between business circumstances and accounting standard as prescribed in the budget; Where cost accounting is applicable, explanation of cost calculation, unit cost, workforce employed, amount of material and relevant data shall be attached, while variable cost and fixed cost shall be analyzed. Loss and gain of each accounts in paragraph 1 subparagraph 3 relating to fixed asset, long-term liabilities and capital re-investment and its detailed content shall be separately compared with the budget amount.

Article 16 (Financial Statements of Special Funds)

Settlement of other special fund within the financial statement of subordinate department, except for enterprise fund shall be prepared pursuant to the statutory provisions of preceding two articles.

Article 17 (Annual receipt and payment summary of the Treasury)

Annual receipt and payment summary of the Treasury regarding all the actual cashing activities up until the end date of that fiscal year shall be compiled and recorded by the competent authority of the Treasury.

The summary in the foregoing subparagraph 1 shall be delivered within 15 days after the end date of fiscal year to Central BAS Authority and Ministry of Audit for auditing purposes.

Article 18 (Various financial statements prepared by competent authorities)

Parts of the financial statements of competent authority relevant to principal authority shall be compiled according to actual circumstances as it stand at the end of fiscal year; parts relevant to affiliated authorities shall be compiled according to the financial statements submitted for that fiscal year.

Article 19 (Delivery of financial statements)

Financial statements of each authority, once signed or stamped by Chief Officer of authority and accounting officer in charge shall be delivered to the controlling superior

authority and audit office.

Article 20 (Handling of financial statements by competent authorities)

After receiving said financial statements in preceding article, competent authority shall immediately commence audit and consolidation, and amend contents therein where inadequacies or errors have been discovered, and deliver to Central BAS Authority together with financial statement of department.

The events amended in foregoing paragraph shall be notified to authority that originally compiled the financial statement and audit office.

General financial statements compiled by Central BAS Authority shall be governed mutatis mutandis by foregoing two paragraphs.

Article 21 (Handling of financial statements by Central BAS Authority)

Central BAS Authority shall compile a general financial statement according to the financial statement of each department, the annual receipt and payment summary of the Treasury and general accounting records, the financial statement of subordinate department including business or non-business entities shall be compiled into a consolidated table and submitted to Executive Yuan, with attachment of explanation, together with the general financial statement. After being passed by the Executive Yuan Council, they may be proposed in the Control Yuan within four months from the end of a fiscal year.

Time limit, procedure for compilation, delivery of financial statements by each level of authority shall be prescribed by the Executive Yuan.

Article 22 (Special budget)

Financial statements relating to income and expense of special budget shall be compiled pursuant to the statutory provisions of this Act after the expiration of budget execution; for execution of budget that extend over two fiscal years, its financial statement shall be compiled into financial statement of prescribed year by competent authority pursuant to procedures stipulated in Accounting Act.

Competent authority shall submit the annual financial statements to the Legislative Yuan for deliberation, in the case of a foundation with the accumulated government-donated fund exceeding over 50%, and a foundation being formed by the Japan's remaining assets due to Japan retreat and Taiwan takeover.

CHAPTER 3 AUDIT OF FINANCIAL STATEMENTS

Article 23 (Efficacy heeded in the course of auditing financial statements of each authority or fund by audit authority)

Audit authority when auditing the financial statement of each authority or fund shall have due consideration to the following efficacy:

1. Circumstances of unlawful breach of duties or unlawful conduct.
2. Budget amount in deficit or surplus.

3. Extent of realization of administrative policies, business plans or enterprise plans.
4. Extent of economy efficiency or non-efficiency.
5. Extent of administrative efficacy or enterprise efficacy, and comparison with authorities or funds of similar nature.
6. Other events relating to settlement of accounts.

Article 24 (Efficacy heeded in the course of auditing general financial statements by audit authority)

Audit authorities when auditing the general financial statement of government shall have due consideration to the following efficacies:

1. Whether annual revenue, annual expenditure are consistent with the budget. In the case of inconsistency, then the reasons of inconsistency.
2. Whether the annual revenue, annual expenditure are balanced. In the case of imbalance, then the reasons of the imbalance.
3. Whether the annual revenue, annual expenditure are in line with national economic ability and its development.
4. Whether the annual revenue, annual expenditure are in line with the national administrative policy.
5. Diverse opinions concerning the improvements of annual revenue and annual expenditure.

Article 25 (Amendment and Notification after final audit)

Audit authorities that have contentions for amendment when auditing financial statements, shall notify the authority that originally compiled the financial statement to provide response within a prescribed time limit; authority that do not provide response within the time limit shall be deemed to have agreed to the amendment. Financial statement once finalized after audit shall be notified to authority that originally compiled the financial statement, copies of which shall be submitted to Central BAS Authority and superior authority in control.

Article 26 (Auditing of general financial statements of Central Government)

Auditor General shall complete the audit of general financial statements of Central Government within 3 months upon receipt of financial statement; a final audit amount statement shall be prepared and submitted to Legislative Yuan together with the audit report.

Article 26-1 (Audit of half-yearly financial statements of Central Government)

Auditor General shall complete the examination of semi-annual balance statement of Government within 1 month after its submission by Government and submit a final audit report to the Legislative Yuan.

Article 27 (Deliberation by the Legislative Yuan)

Events in the audit reports relating to execution of budget, implementation of policy

and audit of special events, remedies etc. shall be deliberated by Legislative Yuan. During deliberation of audit report by Legislative Yuan, Auditor General shall answer inquiries and provide information; Where necessary, authority that prepared the original financial statement shall be notified to be present to answer inquires or provide information.

Article 28 (Time limit in which deliberation must be completed and promulgation of final audit amount table relating to general financial statements.)
Legislative Yuan shall complete deliberation of audit report within 1 year upon receipt of audit report. If deliberation is not completed within this time limit, the audit report is deemed to be deliberated.
The final audit amount table of general financial statement, once deliberated by Legislative Yuan, shall be submitted to Control Yuan, at the request of Control Yuan, the President shall promulgate the said statement; those parts which is required to be kept confidential shall not be promulgated.

Article 29 (Handling by Control Yuan)
The Control Yuan shall deal with the events listed in the audit report, financial statement of subordinate department, general financial statement and consolidated table in the following way:
1. Those receipt and payment required to be compensated but not yet executed shall be transferred to competent authority of the Treasury or competent authority of subordinate department financial statement for execution.
2. Disciplinary sanctions against an event shall be executed by authorities involved pursuant to law and regulation.
3. Chief Officer of superior authority shall be notified with respect to officer who neglect duties and fail to perform at standard required.

CHAPTER 4 SUPPLEMENTARY PROVISIONS

Article 30 (Forms of financial statements)
Forms of financial statements shall be prescribed by Central BAS Authority.

Article 31 (Financial statements of local governments)
Financial statements of local governments shall be determined by other laws or regulations.
Prior to the establishment of said laws or regulations in forgoing paragraph 1, this Act shall be applicable.

Article 32 (Effective date)
This Act shall come into force on the date of promulgation.