

ACCOUNTING ACT

This Act, comprising of One Hundred and Twenty-Seven Articles was enacted and promulgated on August 14, 1935 by Government Orders; and come into force on July 1, 1936.

Article 21 was amended and promulgated on August 20, 1938 by Government Orders.

Articles 16, 22, 37, 90, 119, 123, 124 and 125 were amended and promulgated on May 27, 1948 by President Order.

Article 40 was amended and promulgated on June 10, 1950 by President Order.

The entire 122 Articles were amended and promulgated on April 15, 1972 by President Order.

Article 10 was amended and promulgated on May 15, 2002 by President Order.

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Chapter 1 General Provisions

Article 1 (Scope of this Act)

This Act shall govern the accounting activities of government and affiliated authorities.

Article 2 (BAS authorities and the most senior BAS officer)

The accounting activities of each inferior Budget, Accounting and Statistics authorities ("BAS Authority") (in the absence of BAS Authority, then the Chief BAS Officer) shall be supervised and guided by superior Budget, Accounting and Statistics offices directly in control.

Article 3 (Accounting Activities)

Government and its affiliated authorities shall implement accurate and detailed accounting of the following for each authority and fund:

1. Establishment, allocation and execution of budget
2. Annual revenue from tax or income
3. Occurrence, dealing and settlement of credit and debt
4. Receipts, payments, custody and transfer of cash, notes and securities
5. Loss and gain, custody and transfer of real estate property or other property
6. Calculation of administrative expenses, enterprise cost and annual surplus and deficit.
7. Calculation of operating costs, profit and loss and treatment of annual profit and loss.
8. Other accounts, which is required to be maintained.

Article 4 (Types of Accounting Event)

The accounting activities of accounting events in the preceding Article shall be classified into the following five categories according to its nature:

1. Ordinary Government Activities: General accounting activities of government authorities.
2. Special Government Activities: Accounting activities of government authorities, dealt with by special government authorities, except for those referred to in the preceding subparagraph of government authorities.
3. Publicly Owned Enterprise Activities: Accounting activities of publicly owned enterprise authorities.
4. Publicly Owned Business Activities: Accounting activities of publicly owned business authorities.
5. Extraordinary Activities: accounting activities of events of extraordinary nature and other material events that do not follow the beginning and end of a fiscal year, which is treated by authorities in charge or provisional entities.

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Any government authorities that specialize in supply of goods, services or other interests for which purpose is to gain profit or obtains equivalent consideration in return shall be Publicly Owned Business Authorities; those government authorities that do not operate for purpose to gain profit shall be Publicly Owned Enterprise Authorities.

Article 5 (Ordinary Government Activities)

Ordinary government activities shall be categorized into following three

types:

1. Accounting activities of government annual revenue and expenses: The accounting activities relevant to the annual revenue, allocation and implementation of budget, revenues and expenditures from implementation of budget, credits and debts accrued from receipt and appropriation of revenue and expenditures, calculation of administrative expenses and annual surplus or deficit.
2. Accounting activities of government cashiering: The accounting activities relevant to receipts and payments, custody and transfer of cash, notes and securities.
3. Accounting activities of government properties: The accounting relevant to gain and loss, custody and transfer of real estate property and other properties.

Article 6 (Special Government Activities)

Special government activities shall be categorized into following six types:

1. Accounting activities of treasury cashiering activities: The accounting activities relevant to the receipts and payments, custody and transfer of cash, notes and securities by the treasury.
2. Accounting activities of managed properties: The accounting activities relevant to the loss and gain, custody and transfer of real estate property and other properties managed by the public property management authority.
3. Accounting activities of taxation: The accounting activities relevant to collection, investigation of revenue from taxes and other procedures of dealing with taxes pursuant to statutory provisions and certificates or supporting documents used and treatment of taxable items by tax authority.
4. Accounting activities of government bond: The accounting activities relevant to the issuance, management and repayment of bonds by competent authority of bond.
5. Accounting activities of special properties: The accounting activities relevant to the finances of special property dealt with by management authority of special property.
6. Accounting activities of special funds: The accounting activities relevant to the treatment of fund by management authority of special fund.

Special Fund in subparagraph 6 of foregoing Article means all types of funds which are not General Fund, including all types of Trust Fund, Retained Capital Fund, Non-enterprise Recurring Fund, except for Business Fund, Government Bond Fund, and Enterprise Fund of enterprise accounting.

Article 7 (Publicly Owned Business Activities)

Publicly Owned Business activities shall be categorized into following four types:

1. Accounting activities of annual business budget: The accounting activities relevant to the implementation of business budget, revenues and expenditures from implementation of budget, credits and debts accrued from treatment of revenues and expenditures and calculation of annual surplus or deficit and operating profit or loss.
2. Accounting activities of business cost: The accounting activities relevant to the calculation of unit cost for goods and services.
3. Accounting activities of business cashiering activities: The accounting activities relevant to the receipts and payments, custody and transfer of cash, notes and securities.
4. Accounting activities of business properties: The accounting activities relevant to the loss and gain, custody and transfer of properties used and applied in business.

The foregoing paragraph shall apply to Publicly Owned Enterprise activities but not for calculation of profit and loss.

The foregoing two paragraphs shall apply separately in accordance with the nature to operative part of accounting activities in authorities having operating conduct.

Government authorities that has a partial entity attached to it for the purpose of engaging in business or enterprise conducts, such partial entity shall be Operative Entity, Publicly Owned Business or Public Owned Enterprise Authorities that has a partial entity attached to it for the purpose of engaging in other business or enterprise conducts apart from its main business, that partial entity shall also be considered as Operative Entity.

Article 8 (Classification and Compilation of Accounting Activities)

Accounting activities relevant to the preceding three Articles shall be categorized, compiled and consolidated into Controlling Account.

Article 9 (Government Accounting Entity)

Government Accounting Entities comprises of following five entities:

1. General Accounting
2. Departmental Accounting
3. Sub-Accounting
4. Subordinate Departmental Accounting
5. Sub-Accounting of Subordinate Departmental Accounting

The accounting entity of each subparagraph in the foregoing paragraph shall apply a system of double-entry bookkeeping. However, accounting activities of sub-accounting entity of subparagraph 3 and 5 that is simple, shall not be subject to this limitation.

Accounts of each subparagraph in first paragraph may be dealt with in whole or collectively depending on the actual circumstances and after obtaining approval of Superior BAS authority.

Article 10 (General Accounting)

Accounting of the central, municipal, county (municipality), township (town, municipality) local governments shall form one general accounting.

Article 11 (Departmental Accounting)

Accounting of the following subparagraph shall form departmental accounting:

1. Accounting of departmental authorities that have legal budgets in the general budget.
2. Accounting of special fund that have legal budgets in the general budget regardless of authority division.

Article 12 (Sub-Accounting)

Accounting below the departmental accounting except for accounting of subordinate department shall form a sub-accounting and given the name of the authority.

Article 13 (Subordinate Departmental Accounting)

Accounting of following subparagraphs shall form subordinate departmental Accounting:

1. Accounting of government or its affiliated authorities and its subordinate business, enterprise authorities or operative entities.
2. Accounting of subordinate special fund of each authority with portions relating to annual revenue and expenditure, which is incorporated into the general budget.

Article 14 (Sub-Accounting of Subordinate Departmental Accounting)

Accounting below subordinate departmental accounting shall be Sub-Accounting of Subordinate Departmental Accounting and given the name of the authority.

Article 15 (Fiscal year)

The beginning and end of a fiscal year shall be determined by Budget Act. A quarter of fiscal year shall be three months beginning from the date in which fiscal year is commenced.

Each month in fiscal year shall be determined according to calendar month. Each month shall be divided into three periods, namely the period from the 1st to the 10th day, the period from the 11th to the 20th and the period from the 21st to the last day of each month.

Each month shall be sub-divided into period of five days each a sub-period, the 1st to the 5th day of each month is the first sub-period and the 26th to the last day of each month is the last sub-period.

Periods that do not commence with first day of fiscal year or first day of calendar month or months that are not consecutive shall be determined pursuant to Article 121 and 123 of Civil Code.

Article 16 (Currency of accounting books)

Government accounts shall use the national currency or currencies determined by the budget as basic monetary unit for book-keeping; those domestic or foreign currencies recorded in books that are inconsistent with basic monetary unit shall be converted into the basic monetary unit and recorded into major books of accounts. During bookkeeping, except for the purpose of arithmetic multiplication and division, the first figure below the decimal point shall be admitted, while the second figure shall be rounded off.

Where there are special circumstances applicable, regulations may be

drafted regarding the provision of foregoing Paragraph and enforced once approved by each government BAS Authority.

Chapter 2 Accounting Systems

Article 17 (Principles governing design of accounting system)

The design of the accounting system shall accord to the nature, actual business circumstances, and prospective development of accounting activities. The financial reports required shall be determined in advance, which is used as reference to determine the accounts, books, statements and accounting vouchers that is required to be established.

Authorities or funds of the same or similar nature shall have consistent accounting systems. Government basic accounting except for cashiering activity of the treasury, shall adopt a system of accounting on the accrual basis.

Article 18 (Procedures for set-up, approval of Accounting system)

The design and approval of general accounting system of the central government shall be undertaken by Central BAS Authority. The general accounting systems and uniform accounting provision of local governments shall be designed by local BAS Authority and approved and promulgated by superior BAS Authority in control.

The accounting system of each Authority shall be designed by accounting department. After being reported to and signed by its Chief officer, it shall be approved and promulgated by the BAS Authority of the local governments.

Design of accounting system in the foregoing paragraph shall be discussed and approved by affiliated authority and controlling Audit office; similarly in the event of amendments, explanatory notes and precedents of accounting systems and uniform provisions dealing with accounting activities shall be approved by the Authority in charge of promulgation.

Article 19 (Content of Accounting System)

Design of accounting system in the foregoing two Articles shall expressly provide the following items:

1. Scope of accounting system.
2. Types and written form of financial reports.
3. Classification and codification of each account.
4. Types and form of financial books.

5. Types and form of accounting vouchers.
6. Procedures of dealing with accounting activities.
7. Internal audit procedures.
8. Other matters, which are required.

Article 20 (Governing law of Accounting System)

Accounting systems shall not in any way conflict with this Act, Budget Act, Financial Statement Act, Audit Act, Treasury Act and Statistic Act, etc. Accounting system of departmental accounting and sub-accounting shall not in anyway conflict with accounting system of general accounting; Accounting system of Subordinate Departmental Accounting and its sub-accounting shall not in anyway conflict with accounting system of controlling departmental accounting or its sub-accounting.

Article 21 (Purposes of Financial Reports)

All types of financial reports shall be distinguished by fiscal years and according to the following purposes be compiled into periodic or non-periodic reports; statistical and mathematical measures may be adopted to give appropriate analysis, explanations or forecasts:

1. External reports shall be compiled in accordance with executive, control, legislative purposes and for understanding of people.
2. Internal reports shall be compiled in accordance with budget execution circumstances and progress, management, control and decision-making purposes.

Article 22 (Content of Financial Reports)

Financial reports are categorized into following two types:

1. Static financial report: records financial position on a specific date.
2. Dynamic financial report: records variation of financial position within a specific period.

Where there is a need for comparison between static and dynamic financial reports, a separate comparison table may be compiled.

Article 23 (Types of Financial Report)

The static and dynamic financial reports of departmental accounting and subordinate departmental accounting shall adhere to the principle of complete expression and accounting system of accounting activities listed

in Article 5 and Article 7. The static financial reports shall comprise of the following statements separately compiled according to facts:

1. Balance sheet
2. Cash balance statement
3. Note balance statement
4. Security balance statement
5. Certificates or other supporting documents balance statement,
6. Taxable item balance statement
7. Statement of government bond
8. Catalogue of properties and special properties
9. Catalogue of fixed liabilities

The dynamic financial reports shall comprise of the following statements separately compiled according to facts:

1. Statement of annual revenue or accumulated allocations
2. Statement of cash inflow and outflow
3. Statement of notes receipts and payment
4. Statement of security receipts and payment
5. Statement of receipts and payment of certificates and other supporting documents
6. Statement of taxable item receipts and payment
7. Statement of government bond issuance and principle and interest of government bond
8. Statement of increase and decrease of properties or special properties
9. Statement of increase and decrease of fixed liabilities
10. Statement of operating cost
11. Income statement
12. **Cash flow statement**
13. **Retained earning statement**

Article 24 (Financial reports of extraordinary events)

Statements for financial report that are required to be compiled for extraordinary events shall be compiled by BAS Authority according to facts with reference to provision of preceding Article.

Article 25 (Preparation of statements in financial report)

Statements comprising financial report that is required to be compiled by departmental accounting shall be segregated according to fund. For the

purpose of simplification, statements may be presented in column form for each fund.

Article 26 (Sub-Account Financial report)

Statistic and dynamic financial reports which is required to be compiled by sub-accounting entity shall be prescribed within the accounting system according its need and the needs of departmental accounting entity it controls or subordinate departmental accounting entity.

Article 27 (Financial report and reduction or merger of statements)

Financial reports and statements in Article 22 and Article 25 may be reduced or merged according to the factual needs after each government BAS Authority meet and discuss with departmental accounting authority or chief officer of subordinate departmental accounting authority or accounting officers in charge.

Article 28 (General Financial Report)

General financial report of government shall comprise of consolidated reports from Article 21 to Article 23. However accounts that are dealt with in whole or collectively pursuant to Article 9, paragraph 3 may be produced into financial report from financial records.

Article 29 (Properties and Fixed Liability)

Government properties and fixed liabilities, except for property incorporated into annual revenue and fixed liability to make-up the deficit in budget, shall prepare a separate statement or content catalogue for each and be excluded from balance sheets. However, business fund, enterprise fund and property and fixed liability of other special fund that form part of fund itself shall be incorporated into the balance sheet.

Article 30 (Financial Reports shall be compiled based on financial records)

All types of financial reports shall be compiled based on financial records, and be expressed in a manner to facilitate review.

Article 31 (Explanation of discrepancy Statement)

Where the figures in the report of non-government authorities engaging in government activities differ from the accounting officer's report, the accounting officer shall additionally prepare a explanation of discrepancy

statement. .

Article 32 (Time limit in which to compile financial report)

Each departmental accounting authority and subordinate departmental accounting authority shall compile and deliver financial reports within the following time limits:

1. Daily reports shall be delivered next day.
2. Five-day reports shall be delivered within 2 days from the end of the five-day period
3. Weekly and ten-day reports shall be delivered within 3 days from the end of the week or ten-day period.
4. Monthly and quarterly reports shall be delivered within 15 days from the end of the month or three-month period, unless otherwise stipulated by statutory provisions.
5. Half-yearly reports shall be delivered within 30 days from the end of the half-year period, annual reports shall be governed by provisions of Financial Statement Act.

The time limits stipulated in Subparagraph 1 to subparagraph4 shall apply to sub-accounting and sub-account of subordinate departmental accounting.

Financial reports as stipulated in Paragraph 1, subparagraph 5 shall be compiled by departmental accounting authority or subordinate departmental accounting authority after revision; the time limits in which to prepare or deliver the reports may follow the time limits in which to deliver reports by each sub-accounting authority plus the actual postal period required; the time period in which to prepare and deliver financial report produced by authorities by adopting machines to process financial information shall be determined by controlling BAS Authority.

Article 33 (Content of Financial Report)

For financial reports in subparagraph 1 to subparagraph 4 of foregoing Article relating to the Authority itself, the daily reports shall record accounting events which are entered into the books at the end of the day; five-day, weekly, ten-day, monthly and quarterly reports shall record accounting events which are entered into the books on the last day of each respective period. In the case of the authority compiling reports for affiliated authority, the daily reports shall record accounting events which are recorded on the daily reports of affiliated authorities received by the

authority at the end of the day; five-day, weekly, ten-day, monthly and quarterly reports shall record accounting events which are recorded on the five-day, weekly, ten-day, monthly and quarterly reports of affiliated authorities received by the authority on the last day of each respective period. However, monthly or quarterly reports that close at the end of month or quarter shall not be within this limitation.

Article 34 (Title of Accounts)

The accounts shall depend on the events which are required to be incorporated into different types of financial reports, the title of the accounts shall reflect the nature of the event, if the nature of the account is the same as budget or annual report accounts, its title shall be consistent with the title of accounts in budget or financial statement.

Article 35 (Control and Subsidiary Account)

Accounts of summary statements and subsidiary statements shall reflect control-subsidiary relationship, wherein those of the summary statements shall be the controlling accounts, and those of the subsidiary statements shall be the subsidiary accounts.

Article 36 (Principle of consistency in accounts)

For the convenience of compilation and comparison, all authorities of central governmental shall ensure the consistency of accounts having the same event or similar nature and the compatibility between related accounts.

Accounts of local government having the same event or similar nature as Central government shall follow those determined by the Central government. Related account of local government shall be made consistent and compatible with accounts of Central government.

Article 37 (Establishment of Accounts)

The establishment of accounts shall adopt both events on cash basis and accrual basis as subjects of compilation.

Article 38 (Numbering of accounts)

Accounts shall be classified and numbered on the basis of reports included and the nature thereof.

Article 39 (Prohibition against change of account title)

Account title once prescribed shall not be changed unless with the approval of the BAS Authority or BAS officers in charge.

Approval of change in the account title in the foregoing paragraph shall be notified to controlling Audit Authority.

Article 40 (Category of accounting books)

Accounting books are categorized into following two categories:

1. Account book: books of records containing evidence required for compilation of financial report.
2. Reference Book: books of records not for purpose of compiling financial reports, but to facilitate the review of accounting events or handling of accounting activities.

For financial data processed by machine, the records within the storage of the machine is deemed account book.

The records within the storage of the machine in foregoing Paragraph once processed shall be copied with a digital control number and labeled in written form, signed or stamped by accounting officers in charge after audit.

Article 41 (Classification of accounting book)

Account book are categorized into following two categories:

1. Journal books: The book, which predominately record sequence of accounting events as it occurs chronologically, each individually named book
2. Ledger books: The book, which predominately record accounting events based on the classification of the events, each individually named account.

Article 42 (Books of account columns)

The journal book or ledger book may be set up in special columns as may be required depending on actual needs and for the purpose of convenience.

Article 43 (Categories of Journal Book)

The journal book is categorized into the following two types:

1. General Journal Book: The book which is set up to record all events chronologically or to record the closing figures in subparagraph 2 chronologically, such as daily entry book.

2. Special Journal Book: The book which is set up to record special events chronologically, such as Annual Revenue, Payment and Receipts book, Allocation Payment and Receipt book, Cash Inflow and Outflow book and other books relating to recording of special events.

Article 44 (Category of Ledger Book)

The ledger book is categorized into the two following types:

1. General ledger books: The ledger book, which is set up to record all general events with the main purpose to compile general financial report.
2. Subsidiary ledger books: The ledger book which is set up to record all special events by subsidiary classes or that is recorded into separate accounts with the main purpose to compile subsidiary financial report, such as Annual revenue Ledger, Allocations Ledger, Property Ledger and other Ledgers relating to special events.

General ledger books having subsidiary ledger book shall set up control accounts to record the aggregate of subsidiary accounts. However, Property Ledgers shall set up separate controlled account apart from being entered into the balance sheet pursuant to Article 29.

Article 45 (Merger of accounting books)

For the purpose of simplification, government BAS Authorities may merge the books of general accounting, departmental accounting, subordinate departmental accounting; and special journal book and subsidiary ledger book of Sub-Accounting during the compilation depending on the circumstances.

Article 46 (Set up of subsidiary ledger books and special Journal books)

Apart from set up of general journal book and general ledger book in the accounting books of departmental accounting or subordinate departmental accounting, special Journal book and special Ledger books shall be set up by each government BAS authority, by discussing with departmental accounting or subordinate departmental accounting authority or controlling Chief officer of fund and accounting officer in charge in accordance with actual need and circumstances.

Reference book of each departmental accounting or subordinate departmental accounting authorities, apart from those required by BAS authorities to be set up, shall be set up by each authority or controlling Chief

officer of fund and accounting officer in charge in accordance with actual need and circumstances.

Article 47 (Applications of Sub-Account Books)

For accounting activities of sub-accounting that is relatively complex, the type of books shall be governed by accounting rules of departmental accounting or subordinate departmental accounting. For accounting activities that is relatively simple, only journal books and necessary reference book is required to be set up.

Article 48 (Copy, submission of journal book of Sub-account)

Each sub-accounting authority shall regularly copy the contents of the journal book and submit to the controlling departmental accounting authority or subordinate departmental accounting authority for entry into the account; For accounting activities that is relatively complex, the controlling departmental accounting authority or subordinate departmental accounting authority may discuss with each government BAS authority and controlling audit authority to obtain approval as to copy the creditors or debtors of each account for each period and the sum of each account and submit to the controlling departmental accounting authority or subordinate departmental accounting authority for entry into the account.

Article 49 (Establishment of General accounting Books)

Books of General accounting shall be established depending on the information that is required to be included in the general financial report; its book of reference shall be established depending on the needs in the process of handling activities.

Article 50 (Preparation of Reference Book)

Special Property Management authority shall prepare reference books, such as index, photographs, drawings and other reference records for ease of verification regarding valuable chattel properties; Reference books of maps, drawings etc. shall be prepared regarding real estate properties. The form of reference books shall be decided by BAS Authority of each local government.

Article 51 (Accounting document)

Accounting documents shall be categorized into following two categories:

1. Source document: The document which prove the course of an event as basis for the recording document.
2. Recording document: The document which proves the responsibility of accounting officers handling accounting events and which serve as basis of account keeping.

Article 52 (Source Document)

The source document is categorized into the following types:

1. Orders that grant approval to appropriation of budget reserve fund and budget statements and flow of allocations in between budgetary accounts pursuant to statutory provisions.
2. Documents in relation to payment, receipt and transfer of cash, notes, securities.
3. Statements, payment slips in relation to salary, wage, perk, allowance, travel expenses, welfare fund etc.
4. Invoices and receipts relating to purchase and restoration of properties; postage, transport, printing and consumables etc.
5. Statements, slips relating to custody, dealing, transfer, supply, application of properties.
6. Contracts or other related documents relating to sales, purchase, lending, borrowing and service.
7. Supporting documents relating to saving, exchange and investments etc.
8. Supporting documents and property catalogues relating to public property, confiscated property, gift or legacies.
9. Documents relating to determining taxes or handling pursuant to other statutory provisions, documents relating to handling of taxes and receipt and delivery of vouchers.
10. Documents relating to circumstances of fines and compensations.
11. Laws and regulations relating to issuance of government bonds, documents relating to payment of principal and interests and table calculating premium and discounts.
12. Invoices, receipts relating to calculating of costs.
13. Documents in support of dealings of profit and losses.
14. Financial statements.
15. Invoices, receipts or other supporting documents which proves the events occurred and circumstances stipulated in Article 3. All supporting documents affixed to the aforementioned documents are

viewed as a part thereof.

Article 53 (Recording document)

Recording document is categorized into following three types:

1. Receipt voucher
2. Payment voucher
3. Transfer voucher

The types of vouchers shall be distinguished from one another by color or any other means.

Article 54 (Recording of Voucher)

The following items shall be recorded in a voucher:

1. Day, month, year
2. Account title
3. Particulars
4. Amount in basic monetary unit. Those amounts not in basic monetary unit shall provide currency type, amount and exchange rate.
5. Types, number, serial numbers and date of relevant source documents.
6. Serial number of the voucher
7. Other items for reference.

Article 55 (Voucher signatures and stamps)

Vouchers shall be invalid unless signed or stamped by the following officers, however where any of the officer is non-existent in practice, signature or stamp shall not be required:

1. Chief officer of the authority or officer authorized to sign on behalf.
2. Senior officer or officer in charge of business.
3. Accounting officer in charge or officer authorized to sign on behalf.
4. Cashiering officer in charge of matters relating to receipt, payment, custody and transfer of cash, note and securities.
5. Management officer in charge of matters relating to the increase and decrease, custody and transfer of properties.
6. Voucher issuer
7. Voucher registrar

Those officer in Subparagraph 1, 2 and 5 in preceding Paragraph that have expressed to be responsible from the source document may not be need to sign or stamp on the voucher.

Article 56 (When Voucher is not required to be prepared)

If the form of source documents meets the requirements of recording documents, source document may be used as recording document in lieu without need to prepare vouchers.

Article 57 (When Voucher is not required to be prepared)

For sub-accounting authority that conduct simple accounting activities, its source document may be used as recording document after it has been signed or stamped by Chief Officer of Authority and accounting officer in charge, without need to prepare vouchers.

Chapter 3 Procedures of Handling Accounting Activities

Article 58 (Principles of accounting procedures)

Accounting officer must not prepare recording document unless there is lawful source document; unlawful recording document must not be recorded into the accounts. However, events without the source document during preparation for settlement and transferred into accounts after settlement shall not be subject to this limitation.

Article 59 (Preparation of recording document)

Recording document shall be prepared at all times during which the increase and decrease, custody and transfer of bulk property occur; however booking document for payments of sporadic supplies and materials shall be prepared monthly according to each category.

Article 60 (Calculation of depreciation rate in publicly owned businesses)

Depreciation of permanent properties and inventory consumption of non-permanent properties of publicly owned businesses shall be calculated with reference to costs; costs which cannot be tracked back in time shall be calculated with reference to initial quotation recorded into the account.

Article 61 (Cost accounting activities)

Cost accounting activities relating to element of cost shall be recorded with details and calculated accurately. Subsidiary statements of said cost elements shall be prepared to compare and analyze causes giving rise to the increase and decrease of cost.

Article 62 (The posting procedure)

Except for transfer vouchers in the following subparagraph 2 and 3 in this Article, vouchers when recorded into the Journal book with subsidiary ledger book established shall contemporaneously be recorded into that subsidiary ledger book.

Where transactions in the special journal books are required to be settled periodically and entered in general ledger books, transfer vouchers shall be prepared according to the footing and be recorded in general journal books before the posting starts. However, special journal books merely involve receipt and payment of cash transactions may be posted to general ledger books directly.

Public properties and special properties shall be settled periodically according to subsidiary ledger book, transfer vouchers shall be prepared according to the footing and be posted to separately established books of controlling accounts.

Article 63 (Summarization of special Journal books)

Special journal books shall be summarized in following period:

1. At the ending of each month, where it is necessary, at intervals of one month, one week, five days or one day with separate cumulative totals.
2. At the request of senior officer or officer in charge of accounting activities, and
3. At the closing or settlement of account by authorities or fund.

General journal books shall also be summarized at the end of each month, when the authorities are to settle their accounts or at the request of accounting officer in charge.

Article 64 (Settlement or closing of accounts)

Authorities or fund shall be settled or closed if any of the following circumstances occurs:

1. At the end of a fiscal year,
2. Where it is necessary to settle accounts once every month, quarterly or half-yearly, then every time during each settlement.
3. At the end of extraordinary events, excluding subparagraph 1 and 2, and
4. the authority have been abolished or fund have ended.

Article 65 (Maintenance and recording of accounts)

All deferred revenue, deferred charge, matured debt payable, matured credit receivable in any accounts of ledger book and other rights and liabilities which have accrued but have not yet been recorded into books, shall be maintained and entered before the settlement of each account.

Accounting activities of publicly owned business, excluding accounts maintained in preceding paragraph, relating to bad debts, depreciation, consumption, amortization, inventory-check of materials, supplies and products, and offset of internal profit and loss, or other activities which are required to be maintained shall be maintained and recorded.

Each departmental accounting authority or subordinate departmental accounting with affiliated sub-accounting authorities shall maintain and record accounts upon the receipt of closing statements from the sub-accounting authorities. If the closing statements of sub-accounting authorities are delayed due to extraordinary circumstances, each departmental accounting authority or subordinate departmental accounting authority may proceed to settlement in advance with remark added, and supplement records and perform summary upon receipt of sub-accounting report later. .

Article 66 (Treatment of the balance of credit and debit sides)

Once the accounts have been prepared, the balance of credit and debit sides shall be dealt with pursuant to the following:

1. All balances of receipt and payment accounts of government accounting activities and publicly owned enterprises shall be summarized into all accounts of annual budget revenue and various accounts of budget allocation for the purpose of calculating the surplus and deficit of annual revenue and budget allocation.
2. All balances of profit and loss accounts of publicly owned businesses shall be summarized into all accounts of total profit and loss for the purpose of calculating profit and loss.
3. All balances of accounts of accounting activities in preceding two subparagraphs relating to asset or liability nature shall be summarized into accounts for next fiscal year or period.

Article 67 (Cross-out and correction of written errors)

Errors made in recording and writing financial reports, books and important

books of reference or documents, which have been discovered shall be crossed out with lines and corrected immediately by original processing registrar with signatures or stamp affixed to verify the correction spot, no cut-and-paste, erasure or obliteration with correction fluid may be permitted. Errors in preceding paragraph that is discovered by officer afterwards which does not affect the footing, shall advise the accounting officer in charge to correct the errors pursuant to the forgoing paragraph. For errors that affect the footing, vouchers shall be separately prepared in correction of the error. Correction of errors found in machine processed or stored accounting data shall be prescribed by Central BAS authority.

Where errors made, which cause the Treasury to suffer damages, relevant accounting officer shall be held joint and severally liable for damages incurred.

Article 68 (Cross-out of blank space)

Books and important book of references where two pages have been overlapped which resulted in blank pages, that page shall be obliterated with lines, where one or two lines or one or two rows arise out of mistake, the mistaken lines or rows shall be obliterated with lines and signed or stamped by registrars and accounting officer in charge.

Article 69 (Compilation and consolidation of vouchers into volume)

Vouchers that have been recorded into books shall be compiled and consolidated into volume according to each type and date and order of serial number, with cover pages specifying the date, month, year of starting and ending dates, the number of pages and serial numbers, and kept in custody by accounting officer for auditing purposes.

Article 70 (Treatment of source documents 1)

Source documents, except for those sent to Audit Offices for audit purposes shall be marked with serial numbers of voucher with voucher attached and be dealt with according to preceding Article; Those without vouchers attached, shall also be marked with voucher serial number, be pasted neatly in order and compiled into volume with cover pages specifying the date, month, year of starting and ending dates, the number of pages and serial numbers. Accounting officer in charge shall affix stamps on the space between pages and edges of glued vouchers, and kept in custody by accounting officer for auditing purposes.

Source documents that can be easily classified and compiled into volume may not be required to be glued and pasted. Treatment of source document and custody for accounting activities dealt with as a whole prescribed in Article 9, shall be prescribed by Central BAS authority.

Article 71 (Treatment of source documents 2)

The following source documents shall not be governed by the preceding Article. However, places of custody, file numbers and other relevant facts for easy reference shall be specified in compiled volume:

1. Various contracts
2. Documents required to be filed and statements required to be compiled into separate volume.
3. Documents stored for future usage or custody of cash, notes, securities and properties.
4. Documents required to be transferred to other authorities.
5. Other documents, which may not be or shall not be pasted and compiled into volumes.

Article 72 (Items specified on the cover page of each book)

Cover pages of account books shall contain name of authorities, titles of books, volume numbers, number of pages and starting date of usage, and be signed or stamped by Chief Officer of authority and accounting officer in charge.

Article 73 (Items specified on the last page of each book)

Last page of each book shall contain a list of accounting processing officers such as names and positions of accounting officer and relevant persons who are in charge of bookkeeping and reviewing, dated by date of processing, signed and stamped by each officer.

Article 74 (Pagination of books)

Pages of various books shall be paginated in order and no page shall be destroyed or torn out. Each general ledger book and subsidiary ledger book shall contain a table of contents in front of the book.

Article 75 (Treatment of loose-leaf books)

Each new page of loose-leaf book shall be stamped at the bottom by accounting officer in charge; cover page and last page of loose-leaf book

shall be governed by Article 72 and Article 73. However pagination shall not be required but separate tables to specify accumulated pages and temporary table of contents shall be disposed on the first page. Cover pages shall be added to compiled volumes and the number of aggregated pages shall be specified on the cover page pursuant to Article 74. Loose-leaf pages which may not be bound into volumes shall be put in boxes and kept in custody by processing officer.

Except for general accounts, journal books and ledger books shall not use loose-leaf pages contemporaneously.

Article 76 (Limitations to the replacement of account books)

Account books shall not be replaced by a new book prior to settlement of accounts, unless completely exhausted; the remainder that provides enough space for long-term recording, even after the settlement, may be used continuously.

When replacing new accounting book, the blank pages of the old books shall be marked with the words "Blank and Invalid" to render it invalid.

Article 77 (Exceptions for machine-processed books)

Due to limitations of machine function, accounting data processed by machine shall not be governed by Articles 68, Article 72 up to Article 76.

Article 78 (Procedures for dealing with used books, reports and vouchers)

Used financial reports, books, storage device of machine processing accounting data and accounting documents compiled into volumes shall be numbered and kept according to each year with table of content prepared for auditing purposes.

Article 79 (Signatories on financial reports)

Each financial report shall be signed or stamped by Chief Officer of the authorities and accounting officer in charge; Those category of activities relevant to senior officer and officer in charge shall be signed or stamped by that senior officer or officer in charge. However, financial report used internally shall not be required to be signed or stamped by Chief officer of authority.

Where financial report has been compiled into volumes in preceding paragraph, only its cover page shall be signed or stamped by Chief Officer of the authorities and accounting officer in charge.

Article 80 (Restrictions on the signature)

Signature or stamps on financial reports, books and documents shall contain no erratum or alias.

Article 81 (Numerical order of reports)

Reports prescribed in subparagraphs 1 to 4, paragraph 1 of Article 32(1) shall be arranged in order and numbered, its number shall be re-numbered each year. Supplementary reports in the period of preparation after the ending of a fiscal year shall resume the numerical order of that fiscal year.

Article 82 (Promulgation of financial statement)

The promulgation of annual general financial statement shall be governed by Financial Statement Act.

Monthly financial report of each authority shall be promulgated to such authority by accounting officer each month. However, sections therein which is required to keep confidential shall not be promulgated.

Officer of authorities having doubts to promulgation in preceding paragraph may enquire to the accounting officer.

Article 83 (Preservation of supporting documents)

All types of accounting documents shall be preserved for at least two years commencing from the promulgation of general financial statement or its effective date; after expiration of two years, those preserved may be destroyed with the consent of controlling superior authorities and controlling audit authorities, except for those relating to credits and debts.

Under special circumstances, the preservation period referred to in the foregoing paragraph may be extended or shortened according to aforementioned procedure.

Article 84 (Preservation of reports and books)

Financial reports, books, important reference books, storage of machine-processed data and its relevant manual shall be preserved for at least 20 years commencing from the promulgation of general financial statement or its effective date by the general accounting authority; those of departmental accounting and subordinate departmental accounting shall be preserved for at least 10 years; those of the sub-accounts and sub-accounts of subordinate departmental accounting shall be preserved for at least 5 years. Upon expiration of preservation period, documents of general accounts from each year may be transferred for safekeeping to document archive authorities or other equivalent authorities with the consent of administrative Chief Officer and audit authorities; Those of departmental accounting, subordinate departmental accounting and sub-accounting may be destroyed with the consent of superior authorities and controlling audit authorities. However, the preservation period of daily, five-day, weekly, ten-day and monthly reports may be shortened to 3 years.

The preservation period referred to in the foregoing paragraph may be shortened in accordance with the foregoing procedure under special circumstances.

Article 85 (Reports of sub-accounts)

Financial reports of each sub-accounting authority shall be compiled according to stipulated dates, periods and manners and once reviewed by Chief Officer of each authority shall be submitted to the controlling superior authority.

Article 86 (Review of sub-account reports)

Reports in preceding article, once reviewed by controlling superior authority shall be delivered to accounting officer in charge for audit; those reports required to be consolidated or controlled shall be incorporated into separate controlled record and consolidated report.

Article 87 (Submission of sub-account reports)

Financial report of sub-accounting authority shall be submitted to the departmental accounting authority or subordinate departmental accounting authority, once reviewed by the chief Officer of departmental accounting authority or subordinate departmental accounting authority, the report shall be submitted to accounting officer in charge for review. Those reports

required to be consolidated or controlled shall be incorporated into separate controlled record and consolidated report and submitted to controlling senior authority.

If the departmental accounting authorities in the forgoing paragraph are second-tier department authorities, reports shall be submitted to government authorities of BAS, treasury, property management and auditing offices as may be required.

Article 88 (Submission of departmental accounting reports)

Each departmental accounting authority shall submit report directly to government BAS, treasury, property management and auditing related authorities. However, where it is necessary, reports may be submitted to superior departmental accounting authorities for further dispatch.

Article 89 (Controlling record)

Once each BAS authority receives financial reports of each departmental accounting authority and departmental accounting fund, those report that is required to be consolidated or controlled shall be incorporated into separate controlling record for compilation of general financial statement of each government.

Article 90 (Explanation of the discrepancies)

Discrepancies between the general account reports of government BAS authorities and report of competent authorities relating to government treasury, property management, taxation, government bond, special properties and special funds, shall be examined by controlling auditing authorities and explained in a table.

Article 91 (Saving copies of report)

Authorities preparing financial reports shall save copies of each report for references.

Article 92 (Submission of machine-processed reports)

Financial report or information produced from accounting data processed collectively by machines shall be dispatched to relevant authorities dealing with the matters on the whole, collectively.

Article 93 (Circumstances in which authorities are in charge of more than one type of

activities or conduct on behalf of others)

Government authorities in charge of more than one type of special government activities shall prepare account for more than one type of special government activities; those also handling publicly owned business and other publicly owned enterprise shall prepare account for activities of publicly owned business or publicly owned enterprises.

Non-government affiliated authorities acting as agent in handling government activities shall prepare account for activities handled according to provisions of this Act.

Article 94 (Distinction of accounting activities and non-accounting activities)

Distinction of accounting activities and non-accounting activities shall be approved by BAS authorities and its affiliated authorities unless otherwise stipulated by law, in which such law shall prevail.

Chapter 4 Internal Audit

Article 95 (Type of internal audit and executive officer)

Internal audit implemented by each authority shall be executed by accounting officer.

Internal audit is categorized into following two types:

1. Pre-audit: The audit of events prior to entry into accounts with emphasis on control of payment and receipts.
2. Post-audit: The audit of events after entry into accounts with emphasis on review of document, account books and efficacy of work performance.

Article 96 (Scope of internal audit)

The scope of internal audit is as follows:

1. Financial audit: auditing of planning, execution and control of budget.
2. Property audit: auditing of procedures dealing with cash and other properties.
3. Performance audit: auditing of workload or performance results and cost expended by each department.

Article 97 (Manners of implementing internal audit)

Internal audit shall be executed through reports and random field work and responsibility shall be divided into and assumed by different levels.

Article 98 (Internal audit executive officer endowed with investigative power)

Accounting officer while exercising its powers to undertake internal audits and requests to each department to present its books, vouchers and other documents for review or to examine cash or properties, each responsible person shall not conceal or refuse to give it. When enquired upon, each responsible person shall provide answers in detail.

Accounting officer may while exercising its power in foregoing paragraph where it is necessary report to chief officer of authority for permission to block all related books, vouchers or other documents and only permit withdrawal of partial or whole books.

Article 99 (Treatment of unlawful accounting document)

Accounting officer of each authority in charge shall cause unlawful accounting procedures or accounting document to be corrected; those procedure or document not corrected shall be rejected and report to Chief Officer of the authority.

Accounting officer shall provide statement of objections in writing if the unlawful conduct in foregoing paragraph is resulted from the order of Chief Officer; where the statement of objection is not accepted, the accounting officer shall report to chief officer of authority or chief officer of superior authorities and chief accounting officer in charge or BAS authorities.

If the unlawful document is not disclosed either by a written objection or by reporting to a competent authority, the accounting officer in charge shall be held jointly and severally liable.

Article 100 (Effect of audit or examination 1)

Accounting officer of authorities shall provide budget reserve for purchase orders of properties or prepayment of accounts that are audited and proved to be consistent and in line with budget purposes and scheduled budget plans. Contracts relating to allocations, liabilities or income and sales and purchase of bulk chattel, real estates shall be invalid unless audited, signed or stamped by accounting officer in advance.

Article 101 (Effect of audit or examination 2)

Accounting documents relating to payment and receipt of cash, notes securities shall not be used for execution of cashiering activities unless signed or stamped by accounting officer in charge or its authorized person.

External invoice statement or receipts shall not be valid unless signed or stamped by accounting officer in charge or its authorized person, where special circumstances exists, unsigned or unstamped invoice statement or receipts shall be reported and approved by controlling BAS authority to prescribe alternative means of treatment.

Article 102 (Circumstances in which accountants shall refuse endorsement)

Accounting officer of authority shall refuse to sign source documents upon discovery of the following circumstances:

1. where purposes or evidence of the source documents are not specified
2. Where source documents lack primary supporting documents or are not in the form in accordance with law or as required by convention.
3. Where commencement of events require bidding (tender), price survey or price negotiation, lack the signature or stamp of internal audit officer in charge of execution
4. Where source document is required to be signed or stamped by chief officer of authority or senior officer or officer in charge of event, but is not signed or stamped.
5. Where source documents is required to be signed or stamped by processing officer, quality inspection officer, quantity check officer and custodians, but is not signed or stamped; or those that require an attachment of quality or quantity satisfaction certificate, but is not attached.
6. Where source documents relating to transfer, custody, gain or loss of properties is required to be signed by officer in charge of managing those activities, but is not signed or stamped.
7. Where there are obliteration marks in the words or numerical figures in the document but the obliteration marks are not verified by signature or stamps of responsible officer.
8. Where there is inconsistency between words or numerical figures in expressing amount or volume in the document.
9. where events stipulated in Subparagraph 3 and Subparagraph 5 with amount reaching the audit threshold are not dealt with pursuant to statutory audit process.
10. Other circumstances that is inconsistent with law or regulations.

Officer stipulated in forgoing Subparagraph 4 shall assume proportionate responsibilities according to the scale of business and amount involved.

Article 103 (Protected rights of internal audit officer)

Accounting officer while executing internal audit shall act pursuant to relevant law, unless there is breach against duties or gross negligence, shall not be held jointly and severally liable for damages.

Chapter 5 Accounting Officer

Article 104 (Neutrality of BAS authority and Human Resources activities)

The employment, transfer, training and appraisal of government affiliated accounting officer and assistant shall be determined by BAS authorities of each government in accordance with the law.

Article 105 (Accounting fee)

The general fee incurred from accounting officer delegated to handle accounting activities in an authority by a BAS authority shall be included in the authority's budget allocation. Special fees arising from business project shall be included in the budget of the BAS agency.

Article 106 (Neutrality of BAS authorities and conduct of accounting activities)

Accounting activities of each government and affiliated authority shall be handled jointly, monitored and led by chief accounting officer delegated by the controlling BAS authority; the BAS authority may at anytime delegate officer to inspect and review implementation and progress of accounting system and handling of activities by accounting officer.

Article 107 (Command of Assistant officer)

Assistant officer handling accounting activities enlisted in Article 5 to Article 7 shall be delegated by BAS authority, apart from been responsible directly toward accounting officer in foregoing Article, assistant officer shall be responsible according to the nature toward chief officer or accounting officer in charge of all categories of activities and be commanded by them.

Article 108 (Joint handling or entrustment of accounting activities)

Authority with simple activities may have its accounting activities listed from Article 5 to Article 7 dealt with as a whole or entrusted to a third party. However, officer assigned with accounting activities shall not engage in activities relating to management of property or cashiering activities.

Article 109 (Transfer of accounting document and files)

Accounting officer shall transfer accounting document (voucher), financial report and used accounting books and files to the file management officer for safekeeping after the promulgation of final financial statement or effective date. However storage device used to save machine-processed accounting data shall be dealt with separately.

Accounting files that is lost or destroyed shall be reported to superior accounting officer or BAS authority in charge and Chief Officer of authority and controlling audit authority, then further reported separately to ultimate superior authority in charge, unless it is believed by audit authorities that there are no negligence as to breach of fiduciary duties, the liabilities and penalties of those held accountable shall be discharged.

Accounting officer who fail to report the foregoing paragraph shall be imposed with heavy penalty.

Due to circumstances in paragraph 2 and paragraph 3 which caused treasury to suffer loss and damages, accounting officer shall be held liable for damages.

Article 110 (Relationship between accounting officer and Chief Officer of authority)

Disputes arising from accounting activities between chief accounting officer in charge and chief officer of authority where the accounting is performed shall be dealt with by Chief Officer of superior authority that supervised said authority and said chief accounting officer in charge. Where accounting officer is in violation of law or breach of duties, chief officer of authority shall deliver a letter of report to chief officer of BAS authorities and deal with the matter in accordance with statutory provisions.

Article 111 (Backup of accounting officer on leave or business leave)

Accounting officer shall apply for leave or business leave to accounting officer in charge or BAS authority of controlling superior authority for delegation of officer to undertake duties; Where the period of absence period is less than 1 month, accounting officer may elect a delegate on their own, however report shall be submitted in advance and both shall be held jointly responsible for the report submitted.

Article 112 (Principle of exclusivity)

Unless otherwise provided by law, accounting officer shall not engage in practice of accountants and attorneys nor be employed as employee of

other government authority, public and private business institutions.

Article 113 (Obligation to hand-over matters)

Accounting officer whose duties have been altered or terminated shall hand-over the matters. However accounting officer on leave or business leave on short-term basis shall not be subject to this provision.

Article 114 (Hand over procedure for accounting officer in charge)

Chief Officer or his representative of an authority and accounting officer in charge or its representative of superior authority shall supervise the hand over procedure of accounting officer in charge.

All official stamps, documents, and other public properties and processed accounting vouchers, accounting books, financial reports, storage device of machine-processed accounting data and machine-processed accounting manual shall be catalogued and handed over to successors. Those items already in catalogue shall be handed over according to the catalogue and no separate catalogue may be required to be compiled.

Article 115 (Hand over procedure of assistant accounting officer)

Accounting officer in charge or its representative shall supervise the hand over procedure of assistant accounting officer. All official stamps used in business, documents, books, other public properties shall be catalogued and handed over to successors after processing of last event.

Article 116 (Duties of officer assisting the handover)

Officer assisting the hand over shall ensure that the former officer stamp on the final transaction they dealt with in the books and important book of reference; prior to the successor stamping on the initial transaction they dealt with, the date, month, superceding year shall be inserted so as to evident the beginning and end of responsibilities.

Article 117 (Hand over procedure of accounting officer in charge)

The accounting officer shall complete hand over within five days from the date in which the successor shall resume duties and unless has obtained a certificate of hand over, the accounting officer shall not be entitled to leave the position. However, where former accounting officer resign due to illness or die in the course of duty, hand over may be conducted by the most senior assistant accounting officer on their behalf, and the former

accounting officer shall assume responsibilities.

After the successor accept the hand over, successors shall together with supervising officer verify all the items one by one in accordance with table of Hand over or catalogue within 2 days, and produce a Certificate of Hand over to the former accounting officer and together report to Chief officer of authority and controlling superior authority. However the former accounting officer shall assume responsibility for content of books handed over.

Article 118 (Hand over procedure of assistant accountants)

The assistant accounting officer shall complete hand over within 2 days from the date in which the successor shall resume duties, unless assistant officer resign due to illness, in which they may entrust another to undertake hand over on their behalf, accounting officer who die in the course of duty, controlling superior officer shall undertake the hand over.

Article 119 (Liabilities arising from incomplete handing over)

Accounting officer who do not complete the hand over appropriately shall be punished pursuant to law. If the inappropriate hand over results in damages to the Treasury, accounting officer shall be held liable for compensatory damages. Those officer associated with inappropriate handover shall be held joint and severally liable.

Article 120 (Hand over resulting from authority dissolution or fund suspension)

Where hand over is due to abolishment of authority or suspension of fund, officer assisting in hand over shall be deemed predecessor, officer accepting the hand over shall be deemed successor; the hand over shall be governed by provision in this chapter.

Chapter 6 Supplementary Provisions

Article 121 (Circumstances in which this Act is applied mutatis mutandis)

This Act shall govern the accounting system and procedures for compilation of financial report of state-funded non-governmental organization and joint state-private enterprise; the scope of applicability shall be determined by Central BAS authority.

Article 122 (Effective date)

This Act shall become effective from the date of promulgation.

