

National Federation of CPA Associations of ROC  
United Nations Convention against Corruption  
(UNCAC)  
Parallel Report of the ROC's Third Report

Prepared by: National Federation of CPA Associations of ROC

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Core Topics: Articles 9, 12, and 14 of the UNCAC, with further attention paid to Articles 10, 26, 33, and 52

Reference Documents: ROC's Third Report under the United Nations Convention against Corruption (three volumes) and three parallel reports from professional associations

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## Summary

This report was prepared by the National Federation of CPA Associations of ROC (ROCCPA) in accordance with the spirit of parallel reporting encouraged by the review system of the United Nations Convention against Corruption (UNCAC). The purpose of this report is not to contradict the national report, but rather to provide the perspective of accounting professionals, supplement the national report with professional observations related to financial transparency, audit supervision, corporate governance, anti-fraud, anti-money laundering (AML), and enterprise risk management, and put forward more feasible policy recommendations. The ROC's Third Report clearly states that Taiwan submits a national anti-corruption report every four years in accordance with the Act to Implement United Nations Convention against Corruption, and continues to improve integrity governance through international review and public-private sector dialogue mechanisms. This report supplements the existing foundation by providing the perspective of the professional community.

In terms of the accounting profession, Articles 9, 12, and 14 of the UNCAC are the most directly relevant articles. Article 9 covers government procurement, government financial management, post-event auditing, performance management, and information disclosure, all of which are closely related to financial discipline, cost-benefit analysis, internal control, and auditing logic. Article 12 requires the private sector to establish appropriate accounting, auditing, and internal control systems to prevent corruption and falsified accounts, and to promote a culture of ethical corporate management. Article 14 requires the state to establish appropriate measures to prevent money laundering. Accountants are categorized as designated non-financial enterprises or persons, and bear institutional responsibilities in client review, identification of suspicious transactions, education and training, and professional self-discipline.

Overall, Taiwan has built a considerable foundation at the institutional level. For example, the Third Report has detailed that Taiwan's government procurement system is based on transparency, competition, objective standards, and grievance and relief mechanisms, and that Taiwan is gradually introducing government integrity platforms, structured data, and digital auditing tools. In the private sector, the national report also points out that Taiwan has established a legal framework for accounting, auditing, and internal control covering both for-profit and non-profit organizations, and has established civil, criminal and administrative liabilities for false financial statements, failure to establish internal controls, or failure to obtain required certifications. Regarding AML, the national report also describes how relevant competent authorities provide education and training, conduct

investigations, and impose penalties on financial institutions and designated non-financial persons, showing that there is already has a concrete foundation for relevant systems<sup>1</sup>.

However, from the perspective of accounting and governance practices, improvements can still be made in several areas: First, although government procurement data is already publicly available, it can still be prepared in a more structured way for external professional communities to more effectively track and analyze the procurement lifecycle. Second, the disclosure of the financial risks of major public investments and special budgets can be more systematically incorporated into cost estimation before investment, change control during implementation, and performance auditing after completion. Third, while the anti-corruption system in the private sector is relatively mature in listed companies, there are still weaknesses in small and medium enterprises (SMEs) and non-listed companies, which have the required documents but not actual implementation. Fourth, while the role of accountants in enterprise integrity and AML systems has been confirmed, risk-based guidelines, case databases, and cross-agency cooperation feedback mechanisms still have room for improvement. Fifth, recommendations from an accounting professional standpoint are still needed for systems for the transparency of beneficial ownership, quality of evaluation reports, corporate responsibility, and protection of whistleblowers.

Based on the observations described above, this report concludes with fifteen recommendations, covering structured public procurement data, financial disclosures of major public investments, internal controls for anti-bribery in the private sector, tiered implementation mechanisms for SMEs, guidelines for accountants to prevent money laundering risks, integration of beneficial owner information, handling of corporate liability and accounting violations, whistleblowing, control of the quality of external professional opinions, and establishing a professional anti-corruption knowledge platform through public-private partnerships. These recommendations are all based on the principles of "gradual, feasible, compatible with the existing legal system, and strengthening the system through professional collaboration," rather than using confrontational language to deny existing achievements.

## **I. Foreword and Report Positioning**

For most countries conducting reviews under the UNCAC, in addition to self-assessment and national reports, the government also attaches great importance to the parallel reports prepared by civil society and professional associations. The value of parallel reports lies not in repeating the institutional achievements already described by the government, but in pointing out whether there are gaps between the “design and implementation” of systems, and in providing recommendations from the perspective of industries, professional expertise, and professional governance that can be adopted by competent authorities, enterprises, and professional communities. Therefore, this report is positioned as a supplemental professional perspective with the basic principles of being constructive, cooperative, and actionable.

The connection between the accounting profession and anti-corruption system is first reflected in the reliability of financial information. When corruption, embezzlement, profiteering, conflicts of interest, money laundering, or financial statement fraud occur in the public or private sector, the results are usually reflected in accounting records, transaction vouchers, fund flows, financial statements, internal control design, or audit evidence. In other words, accounting and auditing can be considered as not only the “infrastructure” of the governance system, but also important tools for abnormality detection, transparency, and accountability.

Second, accountants are typical institutional intermediaries. On the one hand, accountants verify financial information or provide recommendations for internal controls based on laws, auditing standards, and professional ethics. On the other hand, accountants also serve as a professional interface between enterprises, public interest corporations, school legal persons, medical corporations, and other organizations, enabling regulatory requirements to be transformed into institutional processes. This is why the problems observed by accounting organizations are often not isolated cases, but rather problems associated with how a system can move from being "regulated" to being "operational."

This report also references the style of three previous parallel reports submitted by professional associations. They share three common characteristics: First, they present their overall observations first with an abstract, and then divide the observations into sections according to professional fields. Second, they focus on institutional structures and information disclosure, rather than simply listing individual cases. Third, they usually recommend a collaboration model involving the competent

authority, professional associations, and regulated organizations. This report follows the same format, but focuses on the institutional aspects of accounting and auditing.

## **II. Writing Method and Reference Documents**

This report is primarily written based on six documents provided by the user: ROC's Third Report under the UNCAC Volumes 1 to 3 and three parallel reports that were disclosed. Volume 1 of the national report provides the overall institutional background of Taiwan's self-assessment, international review, and Central Integrity Committee under the UNCAC. Volume 2 is the primary basis as it covers Article 9 Public procurement and management of public finances, Article 12 Private sector, and Article 14 Measures to prevent money laundering. Although Volume 3 focuses more on conviction, law enforcement, and international cooperation, the extended observations from a professional accounting perspective still offer valuable insights for Article 21 Bribery in the private sector, Article 26 Liability of legal persons, and Article 39 Cooperation between national authorities and the private sector.

In terms of methodology this report first compiles the institutional descriptions in the national report that are most relevant to the accounting profession, and then identifies three possible gaps from an accounting perspective: First, laws or systems do exist, but information is difficult for outsiders to understand and utilize effectively. Second, the initial design of regulations has been formed, but specific details on their application to organizations of different sizes are still lacking. Third, professional responsibility has been confirmed through legislation, but there are still insufficient risk guidelines, feedback mechanisms, or inter-agency cooperation. This approach can further shift the focus of discussion in this report from abstract values to actionable governance issues.

This report also references how professional associations organize their parallel reports. The report from the Taiwan Institute of Ethical Business emphasizes that the fundamental solution to combating corruption is organizational governance and information disclosure, and that the governance evaluation of listed companies should not be limited to their form of existence, but should be evaluated based on risk and actual activities. The report from the Association of Certified Fraud Examiners Taiwan Chapter specifically pointed out that strengthening the reporting of false evaluations, corporate transparency, whistleblowers protection, and training on preventing fraud in both the public and private sectors are all crucial aspects of governance. These observations have been thought provoking when preparing this report<sup>2</sup> because evaluating quality, substantive internal

controls, information disclosure, and professional training are the core concerns of the accounting profession.

Finally, to prevent the parallel report becoming an overly generalized commentary, this report deliberately adopts the approach of "acknowledging existing progress, pointing out implementation gaps, and proposing recommendations for each stage." Specific recommendations and possible responsible agencies are provided in the appendix to facilitate subsequent policy dialogue.

### **III. The Institutional Function of Accounting in the Anti-Corruption Framework**

The first function of the accounting profession in the anti-corruption system is to transform abstract principles of transparency into concrete accounting and disclosure mechanisms. The preparation, verification, and attestation of financial statements, as well as the design and implementation of internal controls, form the basis for whether an organization can be examined by external stakeholders. Even when anti-corruption regulations have already been established, they may still be ineffective due to a lack of traceable evidence or context for transactions if a proper accounting system is not in place.

The second function is risk assessment and abnormality identification. Accounting and auditing provide a method for examining whether something has deviated from reasonable economic logic, whether it's changes in the design of public works, the use of government subsidies, related-party transactions, unusual fund transfers, valuation and impairment testing, or complex cross-border structural arrangements. This method is not a replacement for investigative powers, but rather an important front-end mechanism for early warning and institutional self-correction.

The third function is to further clarify governance responsibilities. The core of an internal control system is not just about preparing manuals or establishing the level of authority required for approval, but about creating a system of "who is responsible, when should records be retained, and what circumstances require higher level review." This is why Article 12 of the UNCAC specifically emphasizes accounting, auditing, and internal control requirements. Without a clear division of responsibilities, corruption and fraud often occur where organizational boundaries and authorization are blurred.

The fourth function is to assist the nation in establishing public-private partnership governance. The national report shows that Taiwan has established a fairly complete legal framework for accounting, auditing, and internal control in the private sector, including the Company Act, Securities

and Exchange Act, Business Entity Accounting Act, Foundations Act, Civil Associations Act, laws related to schools and healthcare, Accounting Act, and Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants. If the ROCCPA can engage in more systematic collaboration with the competent authorities on this basis, such as by providing risk cases, best practices, and training modules, it will further enable the transformation of regulatory requirements into daily governance capabilities.

Therefore, this report argues that accountants should not be viewed merely as someone who signs off after the fact, but rather as a partner in the nation's fight against corruption. This proposition does not mean expanding the legal responsibilities of accountants, but rather hopes to provide a clearer definition of the roles of the government, enterprises, and professional associations at different stages, thereby achieving division of labor and cooperation.

#### **IV. Key Points of the ROC's Third Report**

Based on the basic information in Volume 1, the Third Report continues down the institutional path of the previous two national reports, emphasizing that Taiwan submits reports regularly and conducts international reviews in accordance with the Act to Implement United Nations Convention against Corruption; concluding observations and recommendations from the previous international review are incorporated into the National Integrity Building Action Plan and tracked on a rolling basis. The institutional significance of this arrangement is that anti-corruption efforts are not seen as a one-off political declaration, but rather as a continuous improvement cycle formed through evaluation, feedback, and adjustments.

Volume 2 presented three important messages in the chapters most relevant to the accounting profession. First, the section on Article 9 clearly states that Taiwan's government procurement system is based on open information, pre-determined qualifications and award standards, audits afterwards, and effective relief mechanisms. It also includes statistics on the percentage of tenders that are publicly awarded, the number and amount of most advantageous tenders, appeal review cases, and professional procurement training. Second, the section on Article 12 explains that Taiwan has established a legal framework for accounting, auditing, and internal control in the private sector, and has established liabilities for false financial statements, failure to establish internal control systems, and failure to have financial statements attested in accordance with regulations. Third, the section on Chapter 14 explains that Taiwan's AML system already covers education and training, investigation and penalties, reporting of suspicious transactions, and international cooperation.

It is worth noting that the national reports have begun to use more terms related to "digital governance" and "structured data." For example, the Central Integrity Committee has discussed the possibility of structuring government procurement data and adopting the Open Contracting Data Standard (OCDS), and also mentioned the application of AI technology and digital auditing tools. For accounting professionals, this means that future public procurement and public sector financial governance will no longer be just about document review, but will shift towards analyzable data and continuous monitoring.

Furthermore, reports from other professional associations show that international review experts typically place particular emphasis on two types of issues: The first is whether transparency means the information is truly available to the public, investors, or external oversight bodies. The other is whether existing systems are merely "templates" that have not been implemented according to different risks. This is the entry point for subsequent professional observations of Articles 9, 12, and 14.

#### **V. Article 9 of the UNCAC: Public Procurement and Management of Public Finances**

The section on Article 9 in the national report clearly points out that the government procurement system has established a system for the disclosure of tender and award information, the prior announcement of qualification and selection criteria, the application of objective standards, relief procedures, and training of procurement personnel. It also includes the percentage and amounts of tenders that are publicly awarded, most advantageous tenders, the percentage of appeal review cases concluded, and public oversight. From a design perspective, these elements largely meet the requirements of Article 9 of the UNCAC regarding transparency, competition, and ex post auditability<sup>3</sup>.

However, from an accounting and auditing perspective, the governance of government procurement should not be limited to "legal procedure." While procedural transparency is important, if major public procurement or investment plans lack sufficient prior financial assessment, risk scenario analysis, record of cost changes during contract performance, and ex post performance audits, even if the procedures are formally complete, it may still fail to identify problems in a timely manner, such as underestimating risks, overly optimistic assumptions, improper design of requirements, or using legal procedures to cover up inefficient expenditures.

Therefore, based on observations of Article 9 from the perspective of an accounting professional, this report adds that the focus should be on "financial transparency throughout the procurement lifecycle." This life cycle at least includes the cost and benefit estimation during the requirements proposal phase, the basis for setting prices during the tender and award phase, records of design changes and additional charges during the contract performance phase, a performance comparison after completion or acceptance, and the tracking of total cost and maintenance cost several years later. Without linkable data, it is difficult for outsiders to assess whether a procurement simply deviated from the price or if there is an overall imbalance between design, requirements, and execution.

The national report has mentioned the possibility of structuring procurement data and adopting OCDS. This report strongly supports this direction because structured data can transform procurement information from scattered documents on announcement pages into data that can be used to analyze agencies, tenders, vendors, changes, performance, and payments. For accountants, auditors, researchers, and the civic community, this will further facilitate abnormality comparison, association analysis, and risk hotspot identification, and also improve the accuracy of external oversight.

This report also recommends that a "List of Financial Disclosures for Major Cases," which is different from general procurements, be prepared for major public investments or long-term infrastructure projects. The list should at least include the overall budget structure of the project, expenditures planned each year, key assumptions, reasons for changes in requirements, contract performance risks, and financial sensitivity analysis. This information does not need to be disclosed in its entirety to the point of violating trade secrets, but a tiered disclosure approach can be adopted to allow the public to understand the full picture of major financial commitments.

Furthermore, the management of public finances and procurement governance intersect at budget preparation and execution, and whether auditing information can create connections for comparison. If outsiders cannot easily connect the budget, contract amount, performance-related additional payments, and final expenditure of a major procurement, then it will be very difficult for the public to judge its cost control and performance responsibility. The ROCCPA recommends that the competent authorities of accounting, engineering, auditing, and anti-corruption should work together to formulate "Financial Disclosure Standards or Guidelines for Major Government Procurements," which would make financial information easier to understand and compare.

Finally, the accounting profession also pays attention to the role of external evaluations or valuation reports in public cases. The parallel reports of other associations used the Mehas case to

point out that inaccurate evaluation reports could affect the distribution of public interests. From the perspective of accountants, the quality of valuations, financial models, and fairness opinions in public procurement, public-private partnership, or joint development projects should all be subject to institutionalized quality control and accountability to prevent external professional opinions from being used as a formality, without taking sufficient responsibility for their methodology and assumptions.

## **VI. Article 12 of the UNCAC: Anti-Corruption, Financial Reporting, and Corporate Governance in the Private Sector**

The section on Article 12 in the national report pointed out that Taiwan has established a legal framework for accounting, auditing, and internal control covering both for-profit and non-profit organizations, and integrated the Business Entity Accounting Act, Company Act, Securities and Exchange Act, Foundations Act, Civil Associations Act, and Accounting Act in Figure 2-2. This indicates that Taiwan does not lack regulations, but rather has already formed a fairly complete legal framework<sup>4</sup>. In particular, there are already clear requirements for accountant certification, financial statement preparation standards, and internal control systems of listed companies and companies reaching a certain size.

The national report also lists the civil, criminal, and administrative liabilities for false financial statements, false statements on internal control, failure to establish an internal control system, and not having financial statements attested. This description is important because it illustrates that the state's efforts to combat corruption in the private sector go beyond mere moral advocacy, and instead make anti-corruption a legal responsibility through accounting and information disclosure systems. However, in practice, the maturity of the system remains highly uneven. Listed companies and large enterprises are usually better equipped to implement internal control and compliance systems, but SMEs, family businesses, and non-listed companies are still at the stage where their main goal is to complete taxes or accounts, and they do not yet regard internal control as an anti-corruption and risk management tool.

Therefore, this report agrees with the criticisms of other parallel reports on the culture of simply treating it as a "template." In other words, although some companies have ethical corporate management best practice principles, whistleblowing regulations, or anti-bribery clauses, they simply copied and pasted most of the content, which is not sufficiently connected with their own industry

risks, procurement chains, overseas agents, distribution models, government interactions, or risks of gifts and hospitality. From an accounting perspective, a truly effective anti-corruption system in the private sector<sup>5</sup> should at least include risk inventory, separation of powers and responsibilities, review of sensitive transactions, disclosure of related party and high-risk transactions, monitoring of abnormal accounting entries, internal whistleblower handling procedures, and regular reviews by the board of directors or supervision unit.

In terms of corporate governance, the corporate governance evaluation of listed companies can serve as an important tool for promoting the implementation of internal controls for anti-corruption. This report supports the recommendation made in the reports of other associations for the competent authority and financial supervisory system to shift their focus from "whether a system is in place" to "whether it is implemented through a risk-based approach." From an accounting perspective, future evaluations could place greater emphasis on three indicators: First, whether the fraud risk assessment related to financial reporting and internal control is reviewed by the board of directors or the audit committee. Second, whether a summary of whistleblowing cases, internal control deficiencies, and improvement measures is disclosed. Third, whether the accounting, compliance, procurement, and internal audit departments form a cross-checking mechanism.

In addition to listed companies, this report specifically advocates for the development of a tiered mechanism for SMEs. It is often not feasible to directly require SMEs to have the same documents and processes as large listed companies. However, if no requirements are imposed at all, there will not be a basic line of defense against high-risk transactions. A more feasible approach is to design basic, advanced, and high-risk versions of guidelines for internal control and anti-corruption based on company size, whether it deals with the government, whether it has cross-border agents, and whether it belongs to a high-risk industry. The ROCCPA can assist in developing templates, educational modules, and self-assessment forms so that SMEs can gradually establish practical and feasible systems.

This report also focuses on accounting, auditing, and integrity governance of non-profit organizations. Other parallel reports have pointed out that insufficient information disclosure by non-profit organizations and organizations that enjoy social resources would limit the effectiveness of external oversight. From an accounting perspective, foundations, medical corporations, academic legal persons, and certain professional associations and national organizations that receive subsidies, donations, or resources granted by public authorities should attach greater importance to the

transparency of accounting and internal control. In this regard, the legal framework for non-profit organizations presented in Figure 2-2 of the Third Report is an important foundation. Further efforts can be made to promote the standardization of publicly available information and improve its accessibility to the public.

Finally, the role of accountants in Article 12 should not be limited to that of a signatory, but also that of an advocate for integrity governance and a translator of systems. The ROCCPA can help companies shift from traditional accounting compliance to governance-oriented internal control through continuous professional development, compilation of best practices, and cross-domain cooperation. As a result, anti-corruption will no longer merely be tasks to be performed by legal or auditing departments, but a responsibility shared by the board of directors, management, and the accounting system.

## **VII. Article 14 of the UNCAC: Measures to Prevent Money Laundering and the Role of Accountants**

The section on Article 14 in the national report explains that Taiwan's AML system includes verification and penalties imposed by the competent authority, reporting of suspicious transactions, reporting of large currency transactions and inbound/outbound transactions, and cooperation with financial intelligence agencies of other countries. The report also mentions that the training results of accountants, lawyers, land administration agents, real estate brokers, and jewelry businesses show that Taiwan has included designated non-financial enterprises or persons in its AML policy<sup>6</sup>.

From the perspective of accounting professionals, the focus of Article 14 is not on requiring accountants to assume the tasks of investigative authorities, but on clarifying their role in risk identification and first-line prevention. Accountants may encounter abnormal transaction arrangements, unclear information about the actual controller, inconsistencies between the purpose of the transaction and the nature of the business, and complicated cross-border cash flows during the process of company establishment, capital increase and reduction, structuring mergers and acquisitions, capital planning, accounting, financial statement audits, or tax consultation. Therefore, the lack of clear risk-based guidelines can easily result in professionals completing procedures solely based on formal documents in high-risk situations, and failing to truly identify suspicious factors.

This report recommends that the competent authority and ROCCPA jointly develop more detailed "Guidelines for Accountants to Prevent Money Laundering Risks." Such guidelines do not

need to restate legal provisions, and should instead focus on practical cases to explain which customer characteristics, transaction types, document abnormalities, or control arrangements may be red flags. Different levels of attention and required documents can be designed for different types of services, such as general tax filing assistance, financial statement auditing, merger and acquisition financial advice, and establishment and investment structure consulting.

Second, AML education and training should move from one-off lectures to continuous capacity building. While the Third Report lists the number of sessions held and the number of trainees, from the perspective of the professional community, what is more important is whether the training is sufficient for accountants to deal with new types of risks, such as complex beneficiary structures, transactions related to virtual assets, the use of corporate or offshore structures to conceal the source of funds, and seemingly legitimate business transactions that are actually used to transfer risk. The ROCCPA can assist in establishing a case database, a Q&A database, and an anonymous experience-sharing mechanism, so that education and training are not just for raising awareness of laws and regulations, but can gradually develop professional judgment.

Furthermore, AML systems also need a feedback mechanism. One of the most common challenges accountants face in practice is that after conducting risk assessment and reporting procedures, they lack sufficient institutional feedback and find it difficult to know which red flags are considered material in practice, or which document retention methods are more likely to support professional judgment. Due to confidentiality and law enforcement requirements, while the competent authorities cannot disclose the details of individual cases, they can still consider providing deidentified data for trend analysis, common error patterns, and summaries of best practices to improve the overall learning effectiveness of the system.

This report also argues that AML measures should not be treated as separate tasks from corporate governance, transparency of beneficial owners, and the credibility of financial statements. Many high-risk arrangements can simultaneously appear in situations where control is not transparent, related-party transactions are unclear, there are unusual dealings, valuation discrepancies, and complex accounts. Therefore, the effective implementation of Article 14 is actually closely linked to the internal control, accounting, and disclosure requirements of Article 12. As professionals who have access to both financial information and organizational structure, accountants can serve as a bridge between these two articles.

## **VIII. Extended Observation: Beneficial Ownership, Liability of Legal Persons, Whistleblower Protection, and Digital Governance**

In addition to Articles 9, 12, and 14, this report observes at least four other extended topics that are highly relevant to the accounting profession. First is the transparency of beneficial ownership. Both the national report and the Open Government National Action Plan mention the progress of information transparency on beneficial ownership. International anti-corruption practices generally agree that AML, tax transparency, and anti-corruption enforcement will all run into a roadblock if the individuals who actually control a company cannot be identified. Accounting professionals have a technical advantage in identifying control rights, equity chains, and transaction structures, and therefore should be included in the dialogue on system design and implementation.

Second is the liability of legal persons. Volume 3 of the national report has a dedicated chapter on the liability of legal persons, and the parallel reports from other associations also assert that Taiwan should establish a more comprehensive system for criminal liabilities of legal persons. From an accounting perspective, if the design of liabilities of enterprises or legal entities is too fragmented, it may result in only individuals being held accountable where accounting, auditing, and governance fails, but is unable to drive improvements in internal control at the organizational level<sup>7</sup>. Therefore, future discussions on the liability of legal persons should be considered in conjunction with internal control, supervisory obligations, and quality control of professional opinions.

Third is whistleblower protection. The national report has listed whistleblower protection as an important development. From the perspective of an accounting professional, the effectiveness of internal control and financial transparency systems often depends on the ability to obtain information on internal abnormalities in a timely manner. If whistleblowers are not properly protected, many problems with accounts will be rationalized<sup>8</sup>, and will not be exposed until they cause greater damage. Therefore, internal whistleblowing systems within companies and response procedures of external professional service providers should be incorporated into the overall design of anti-corruption systems.

Fourth is digital governance. The national report has already mentioned AI technology, digital auditing tools, and the structuring of procurement data. From an accounting perspective, digitalization is not only an efficiency tool, but also a governance tool. If data on procurements, payments, contracts, valuations, subsidies, and internal control deficiencies can be structured and linked, it will improve

the ability to detect abnormalities, and strengthen the connection between external audits and internal audits. The ROCCPA recommends that when implementing digital governance in the future, standards for data fields, record retention requirements, and analysis of access design should be considered at the same time to ensure that digitalization truly serves accountability.

## **IX. Overall Judgment of the ROCCPA**

In summary, this report has observed that Taiwan has established a solid foundation of systems related to the UNCAC. In particular, Taiwan has achieved a considerable level of maturity in procedural transparency, the legal system for accounting and auditing in the private sector, and its AML framework. If judged solely based on "whether or not regulations are in place," then Taiwan meets most of the requirements. However, the real key lies in how to transform existing regulations into governance mechanisms that are operational, can be evaluated, able to learn, and comparable.

From an accounting perspective, what Taiwan needs to do the most right now is not adding a large number of abstract obligations, but rather improving three "intermediary mechanisms": First is data intermediaries, which means making it possible to analyze and link to information, so that it does not merely exist in announcements. Second is capability intermediaries, which means enabling enterprises and professionals to understand risks and implement regulations. Third is feedback intermediaries, which means allowing the experience gained from system implementation to flow back into guidelines, training, and evaluation. If improvements can be made in these three aspects, it will greatly enhance the effectiveness of the current system.

On the other hand, this report also argues that anti-corruption governance should not limit accountants to passive bearers of responsibility. Conversely, collaboration among associations, competent authorities, and enterprises can make accountants a key driver of system reform, including establishing risk classification tools for SMEs, designing anti-bribery and internal control checklists, developing AML training for accountants, assisting non-profit organizations in improving financial disclosures, and providing professional warnings for high-risk transaction arrangements.

In summary, the overall position of this report is that Taiwan already has the institutional foundation, and the next step should be to move towards "more usable data, more layered systems, more substantive internal controls, and more professional collaboration."

## X. Article-by-Article Comparison and Recommendation Matrix

The following table compares the institutional achievements revealed in the national report with supplementary observations and recommendations from an accounting perspective, in order to help international review experts quickly understand this report's propositions.

Article of the UNCAC	Key points revealed in the national report	Supplementary observations from an accounting perspective	Recommended direction
Article 9	Procurement information disclosure, objective evaluation, grievances and remedies, training of procurement professionals, and gradual structuring of data.	While a foundation for procedural transparency has been established, the finances of major public investments throughout their entire lifecycle are not easy to understand and compare.	Introduce structured procurement data, create a list of financial disclosures for major cases, and strengthen performance audits and quality control for external professional opinions.
Article 12	The legal system for accounting, auditing, and internal control of for-profit and non-profit organizations has been established. Accountability is pursued for false financial statements and failure to establish internal controls in accordance with regulations.	While the systems of listed companies and large enterprises are relatively mature, there is a gap between SMEs, non-listed companies, and some non-profit organizations.	Establish tiered implementation guidelines, strengthen the risk-based evaluation of actual operations in the Corporate Governance Evaluation, and increase the information transparency of non-profit organizations.

Article of the UNCAC	Key points revealed in the national report	Supplementary observations from an accounting perspective	Recommended direction
Article 14	A system has been established for education and training, investigation and penalties, and reporting of designated non-financial persons.	The role of accountants in AML has been confirmed, but guidelines for risk scenarios, case feedback, and cross-agency learning mechanisms still need to be strengthened.	Establish guidelines for accountants to prevent money laundering risks, continue to provide case-based training, and provide trends based on de-identified data as feedback.
Extended: Beneficial Ownership	The national report and the Open Government National Action Plan already emphasize the transparency of beneficial ownership.	The identification of actual control and analysis of transaction structures requires assistance from accounting and corporate governance professionals.	Integrate information access and risk warning mechanisms to enhance the ability of both public and private sectors to identify complex control structures.
Extended: Liability of Legal Persons	The national report dedicates a chapter to discussing the liability of legal persons.	Only addressing the liabilities of natural persons is not enough to drive improvements in internal controls at the organization level.	Link the discussion of liability of legal persons with internal control deficiencies, supervisory obligations, and governance improvements.

Article of the UNCAC	Key points revealed in the national report	Supplementary observations from an accounting perspective	Recommended direction
Extended: Whistleblower Protection	Progress has already been made in the legal system for protecting whistleblowers.	Oftentimes information on unusual financial transactions and fraud can only be exposed by insiders, and insufficient protection can weaken internal controls.	Strengthen the internal whistleblowing process and response procedures for external professional services.

#### **XI. Specific Policy Recommendations (15 items)**

1. The Public Construction Commission, Executive Yuan is recommended to continue evaluating the adoption of the Open Contracting Data Standard (OCDS) or an equivalent structured data standard, and establish linkable fields for tender, award, contract performance changes, payment, and acceptance, so that external professional communities can carry out tracking and analysis throughout the lifecycle.
2. It is recommended to establish a tiered list of financial disclosures required for major public investments, public-private partnerships, or long-term infrastructure projects, which should at least include the total budget structure, annual expenditures, key assumptions, risk scenarios, reasons for major changes, and performance comparisons afterwards.
3. It is recommended that the competent authorities of auditing, accounting, engineering, and anti-corruption jointly develop guidelines for financial disclosures of major government procurements to ensure the comparability of budget, award, change, and final payment information.
4. It is recommended to establish clearer methods for disclosure and quality control requirements for valuations, financial models, fairness opinions, or similar professional reports issued for public projects, in order to prevent professional opinions from being used as a mere formality.

5. The FSC and relevant competent authorities are recommended to increase the weights given to the actual operation of internal controls for anti-corruption, fraud risk assessment, whistleblowing system, and board oversight quality in the Corporate Governance Evaluation or similar evaluation tools.
6. It is recommended to establish a tiered mechanism for implementing anti-corruption and internal control measures for SMEs, and provide basic, advanced, and high-risk version guidelines based on their size, risk level, and whether they do business with the government or across borders.
7. The ROCCPA is recommended to work with competent authorities in preparing templates for SMEs for anti-bribery, reviewing related party transactions, handling whistleblowing, and monitoring abnormal accounting, in order to reduce implementation costs.
8. It is recommended to continue standardizing financial disclosures of non-profit organizations, foundations, medical corporations, school legal persons, and organizations with public resources, and to integrate it with accountant audits and internal control requirements.
9. It is recommended that the competent authority and ROCCPA jointly establish guidelines for accountants to prevent the risk of money laundering, and use examples to explain red flags, document retention, and situations requiring higher level review.
10. It is recommended to further develop AML education and training from awareness campaigns for laws and regulations into case-based, segmented, and continuous capacity building. Risks related to cross-border structures, complex beneficiary arrangements, and virtual assets may be incorporated as needed.
11. It is recommended that the competent authority provide an analysis of AML trends and summaries of common deficiencies with deidentified data, so as to provide institutional feedback to professionals and improve the consistency of risk assessment.
12. It is recommended to continue improving the system for transparency of beneficial ownership, and strengthen its linkage with company registration, financial verification, AML customer due diligence, and identification of high-risk transactions.
13. It is recommended that discussions on the system of liability of legal persons incorporate perspectives on deficiencies in internal control, supervisory obligations, and governance improvements, so that the design of liability can drive organization-level improvements, rather than merely focusing on individual accountability.

14. It is recommended to strengthen whistleblower protection and the implementation of internal whistleblowing procedures in companies, especially the protection of their anonymity, protection, case diversion, and follow-up mechanisms for finance, procurement, and internal control departments.
15. It is recommended to establish an anti-corruption professional knowledge platform with the participation of the competent authorities, ROCCPA, academia, and other professional associations, and regularly compile cases, issue guidelines, share best practices, and track the effectiveness of the system.

## XII. Conclusion

The overall conclusion is as follows: Taiwan already has a solid foundation in terms of systems related to the UNCAC, but if it wants to become more effective and credible, which are emphasized in international reviews, the key is not just to amend the law, but to make existing systems easier to analyze, break the systems down into more layers, make the systems provide more feedback, and form more stable collaboration between the public and private sectors and professional associations.

The accounting profession contributes to the anti-corruption system by transforming transparency, accountability, and risk control into institutional tools. Whether it's financial disclosures of public procurements, the implementation of internal controls by companies, the identification of money laundering risks, or the information transparency of non-profit organizations, accountants can play a crucial role in bridging the gap between system design and practical implementation.

Therefore, to reiterate: The ROCCPA is committed to working with government agencies, enterprises, non-profit organizations, and other professional communities as a professional association to help Taiwan's anti-corruption system move from being "regulated" to being "operating effectively," and to continue providing professional opinions that can be verified, allow for dialogue, and can be improved for future international reviews.

## **Appendix 1: Reference Documents and Writing Instructions**

I. The main reference documents include: ROC's Third Report under the UNCAC Volume 1 "Basic Information," Volume 2 "Chapters 2 and 5 of the UNCAC," and Volume 3 "Chapters 3 and 4 of the UNCAC." Three parallel reports from professional associations, including the Taiwan Institute of Ethical Business, the T N SOONG Foundation, and the Association of Certified Fraud Examiners Taiwan Chapter.

II. Referencing the framework commonly used by other professional associations: state the standpoint in the preface and summary, propose institutional observations on specific articles or organizational types, and make specific recommendations at the end. This framework can further assist international review experts in quickly grasping the key points and also make recommendations more relevant in the context of policy dialogue.

III. As this report is positioned as a parallel report, it focuses on supplementary observations and professional recommendations, and does not negate the government's systems article by article. Instead, this report acknowledges existing achievements and focuses on how systems can be made more operational, comparable, and continuously improved.

## **Appendix 2: Recommendations on the Priority of Measures and Possible Responsible Agencies**

Priority	Recommended measures	Possible primary or secondary responsible agencies
Short term	Structured procurement data, list of financial disclosures for major cases, and guidelines for anti-money laundering scenarios for accountants	Public Construction Commission, Directorate-General of Budget, Accounting and Statistics, Ministry of Justice, Financial Supervisory Commission, and National Federation of CPA Associations of the ROC
Medium term	Guidelines for tiered internal control of SMEs, enhancements to the Corporate	Financial Supervisory Commission, Ministry of

Priority	Recommended measures	Possible primary or secondary responsible agencies
	Governance Evaluation, and standardization of information of nonprofit organizations	Economic Affairs, Ministry of the Interior, Ministry of Education, Ministry of Health and Welfare, and National Federation of CPA Associations of the ROC
Medium to long term	Integrated application of beneficial ownership, deepening of the liability of legal persons and whistleblowing system, and anti-corruption knowledge platform	Ministry of Justice, Ministry of Economic Affairs, Financial Supervisory Commission, Agency Against Corruption, Investigation Bureau, and professional associations

### **Appendix 3: Draft Response to Articles for Reference by International Review Experts**

I. Regarding Article 9, the ROCCPA recommends that international review experts not only pay attention to the transparency of government procurement procedures as well as competition and relief systems when evaluating Taiwan's compliance, but also further examine whether the cost-benefit analysis of major procurement projects was adequately disclosed beforehand, whether there are complete records of contract performance changes, whether the auditing authority or competent authority are able to provide performance information afterwards, and whether external professional communities can track the entire procurement lifecycle using available data. This viewpoint does not negate Taiwan's existing procurement system, but rather advocates for the next stage being moving toward financial transparency, risk transparency, and analyzable data once a solid institutional foundation for procedural transparency has been established.

II. Regarding Article 12, the ROCCPA recommends that international review experts separately observe if there is a legal system for accounting, auditing, and internal control, and if it can be implemented according to organizational risks. Taiwan currently has a fairly well-established accounting and certification system for listed companies, companies reaching a certain size, and some non-profit organizations. However, the integrity governance of SMEs and non-listed companies still needs to be gradually deepened through tiered implementation, guidance from examples, and professional guidance mechanisms. If observations of the private sector are based solely on the practices of large listed companies, then the level of implementation can easily be overestimated.

III. Regarding Article 14, the ROCCPA recommends that international review experts pay attention to whether non-financial professionals such as accountants receive sufficient case-based guidance and feedback mechanisms to support their professional judgment. In practice, the most difficult aspect of AML systems is not memorizing legal provisions, but rather identifying whether transactions are of a commercial nature, whether customer control structures are transparent, whether documentation is sufficient to support reasonable judgment, and whether one knows how to escalate when facing risk signals. If the competent authorities and professional associations continue to work together, it will further drive the transformation of institutional requirements into professional capabilities.

IV. In terms of horizontal issues, the ROCCPA recommends that international review experts pay attention to the linkage between the transparency of beneficial ownership, liability of legal persons, whistleblower protection, and digital governance. Many anti-corruption and money

laundering risks are not isolated, but rather occur simultaneously in situations with non-transparent control, insufficient financial disclosure, abnormal valuations, or complex transaction structures. Accounting and auditing professionals can provide support by providing methodologies for these areas, so future institutional improvements should be considered from the perspective of overall governance.

#### **Appendix 4: Subsequent Work that the ROCCPA can Assist in**

I. Prepare industry-specific risk guidelines. The ROCCPA can compile common risk scenarios and red flags for industries that frequently engage in government procurement, cross-border transactions, or have complex capital flows, and provide them to its members and audited organizations for reference. The guidelines can adopt a "principles + case studies" approach. Overly rigid detailed rules are not necessary.

II. Establish a training module for anti-corruption and AML. The current curriculum for continuing education of professionals can be gradually expanded to include public procurement data analysis, internal control deficiencies and their correlation with fraud, identification of beneficial owners, interpretation of complex transactions, and response to whistleblowing, so that the professional community can develop a common language for dealing with new types of risks.

III. Develop self-assessment tools for SMEs. Most SMEs lack dedicated personnel for compliance and internal control. If associations can assist in designing simple risk self-assessment forms, lists of sensitive transactions, and authorization and record retention checklists, it will further drive the transformation of anti-corruption requirements into routine measures that enterprises can take.

IV. Establish an anonymous case sharing mechanism. Accountants often encounter various deficiencies and risk signals in their practice, but they are often unable to share them due to confidentiality obligations and the sensitivity of individual cases. If common risks can be summarized anonymously into different types, it will enable the entire professional community to transform case experience into institutional learning.

V. Form a cooperative network with other professional associations. The anti-corruption system involves multiple aspects, including law, investigation, identification, valuation, data governance, and industry oversight. The ROCCPA can work with other professional associations that prepared

parallel reports to jointly promote cross-sector policy dialogue, so that the recommendations will be more comprehensive.

VI. Regularly publish observation reports. In addition to preparing parallel reports during the national report review period, the association may also consider publishing an annual observation summary on the transparency of government procurements, the internal controls of companies, the risk of financial statement fraud, or AML practices, providing reference for continuous improvement of the system.

**Appendix 5: Common Terms and Professional Terminology (Brief List)**

Term	How it is used in this report
Procurement lifecycle	Refers to the complete process from determining requirements, budgeting, tender, awarding the contract, performance, payment, acceptance, maintenance and operation, to evaluation after completion.
Structured data	Refers to information presented in fields that can be read, compared, and analyzed by the system, rather than simply scattered in the text of PDFs or announcements.
Risk-based approach	Refers to taking different levels of review and control measures depending on the level of risk of the organization, transaction, customer, or situation.
Beneficial ownership	Refers to the natural person who ultimately controls the legal entity or the arrangement, and not just formal shareholders or the registered representative.
Anti-bribery internal control	Refers to the authorization, review, accounting record retention, and supervision mechanisms established by enterprises to prevent improper transfer of benefits.
Forensic accounting	Refers to the professional practice of using accounting, auditing, and investigative methods to help clarify fraud, fund flows, and damages.
Red flag	Refers to unusual signs in transactions, documents, control, payment methods, or business logic that indicate a potentially high risk.

Term	How it is used in this report
Feedback mechanism	Refers to competent authorities or professional associations feeding back trends in anonymous or generalized data, common deficiencies, and best practices into guidelines and training after a system is implemented.

**Appendix 6: Sample Statements for Submission (for Use in Summaries or Presentations)**

I. Based on the observations in this report, the next stage of Taiwan's anti-corruption system is to move from simply having a system to having a usable system, from information disclosure to information analysis, and from the compliance framework of large enterprises to a tiered governance model that can be adopted by organizations of different sizes.

II. In terms of government procurement, Taiwan already has a considerable foundation in procedural transparency, but the finances of major public investment projects need to become easier to understand, records of changes need to be retained, and performance should be audited after completion, so that external oversight can see not only the results, but also the process and reasons that led to those results.

III. In the private sector, Taiwan already has a fairly complete legal system for accounting, auditing, and internal control, but still needs to avoid the regulations simply becoming a template or a mere formality, and to more closely link anti-bribery and fraud risk assessment with board oversight.

IV. In terms of money laundering prevention, the role of accountants in identifying risks on the front line has been confirmed. The next step should be to strengthen situational guidance, anonymous case feedback, and cross-agency learning mechanisms to improve the consistency of professional judgment.

V. The ROCCPA is willing to assist in deepening Taiwan's anti-corruption system through professional training, case compilation, development of guidelines, and cross-sector cooperation, provided that it does not replace the government's enforcement and oversight authority.

## **Appendix 7: Recommended Three-Year Action Plan**

In the first year, it is recommended to focus on taking inventory and standardization. Government departments can first summarize data fields, nodes in the procurement process, and the scope of information that can be disclosed for major public investment projects. The ROCCPA can simultaneously develop a self-assessment tool for SMEs to prevent corruption and money laundering risks, and collaborate with the competent authorities to complete a preliminary case database and training modules. The focus this year is not on full-scale enforcement, but on establishing a common language, standard fields, and a model for demonstration.

In the second year, it is recommended to focus on pilot programs and tiered implementation. The competent authority may select a number of agencies, state-owned enterprises, or private enterprises that regularly undertake government projects with large procurement amounts, and implement more complete financial disclosure and risk warning models on a trial basis. In the private sector, tiered internal control guidelines can be introduced for listed companies and high-risk SMEs, with explanations and consultations jointly provided by trade associations, industry associations, and competent authorities.

In the third year, it is recommended to focus on evaluation and institutionalization. Based on the results of the pilot programs in the first two years, quantitative and qualitative indicators should be established, such as data utilization, abnormal case identification rate, education and training satisfaction, enterprise adoption rate, and quality of handling of whistleblower cases. The guidelines and regulations should then be revised on this basis. When the system becomes more mature, then structured data, standard disclosures, or governance evaluation items can be gradually expanded to form a sustainable governance cycle.

The three-year path described above first builds the foundation, then implements pilot programs, and finally engages in institutionalization. From an accounting perspective, the worst case scenario is formalism in the anti-corruption system, in which an attempt is made to complete everything all at once, but it chaotic and fragmented reforms are also very undesirable. If the process can be implemented in stages, it will be more likely to balance the quality of the system, the burden on organizations, and the feasibility of external oversight.



## Footnotes

1. The ROC's Third Report under the United Nations Convention against Corruption, Volume 2, Article 9 (pages 67-82), Article 12 (pages 99-128), and Article 14 (pages 138-159).
2. Parallel Report of the Association of Certified Fraud Examiners Taiwan Chapter, pages 2-3.
3. The ROC's Third Report under the United Nations Convention against Corruption, Volume 2, pages 67-82.
4. The ROC's Third Report under the United Nations Convention against Corruption, Volume 2, pages 99-128.
5. Summary and Recommendations in the Parallel Report of the Taiwan Institute of Ethical Business.
6. The ROC's Third Report under the United Nations Convention against Corruption, Volume 2, pages 138-159.
7. The ROC's Third Report under the United Nations Convention against Corruption, Volume 3, Article 26 (pages 40-44).
8. The ROC's Third Report under the United Nations Convention against Corruption, Volume 2, pages 56 and 93.