

THE CONTRIBUTION OF INTERNATIONAL AUDITING STANDARDS AND ARRANGEMENTS FOR IMPLEMENTING NATIONAL

Doru TELEMBECI

Abstract: *The objective is to create a model standards managerial control, uniformly and consistently applied in all fields. These standards serve as a reference system for the management of public institutions must implement internal control systems and specialized structures that evaluate these systems. Seen in the light of general principles of good practice internationally accepted and EU internal control policies and procedures are all designed and implemented by management and staff authority to provide reasonable assurance for: objectives of the public entity in an economic, efficient and effective; external compliance, policies and management rules; protect assets and information; prevention and detection of fraud and errors; quality accounting documents and timely production of reliable information on financial and management segment.*

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INTRODUCTION

Internal audit is an activity that is carried out based on standards. Indifferent of the particular conditions in which the activities of audit, it is necessary to follow certain basic principles contained in the standards for fulfilling the responsibilities of internal auditors.

Standardization body for the internal audit profession globally is Global Institute of Internal Auditors (IIA). Considering these aspects, international standards have been developed for the Professional Practice of Internal Auditing. Internal auditors are recommended regardless of the environment in which they operate and on which they need to achieve their standards for conducting internal audit view particularities entities they audit. In this regard, developed IIA General Professional Practices Framework (IPPF). [Adapted from www.theiia.org].

It includes rules authorized IIA, which are organized to facilitate the development, interpretation and application consistency of concepts, methodologies and techniques in the field of internal audit. IIA approved rules include two categories:

- necessary which should ensure compliance with the principles set out therein.

Mandatory rules include: definition of internal audit, Code of Ethics and International Standards for the Professional Practice of Internal Auditing (IIA Standards);

- recommended with confidence, it is recommended to ensure compliance.

These rules describe best practices for the implementation of the definition of internal audit, Code of Ethics and International Standards for the Professional Practice of Internal Auditing. Purpose for which they were designed standards is to contribute to: compliance with the basic principles on which internal audit practice to be followed; establish the benchmark for development and promotion of internal audit activities designed to bring added value to the audited institution; establishment of criteria for assessing the functioning of internal audit and its performance; determining performance improvement activities they carry audited institution.

Professional standards of internal audit include several components connected in a logical whole, which defines auditors imposed on all specialists in the field, as follows: attribute standards - 1000 series - called qualification standards; Standards of achievement - 2000 series - called operating standards;

Standards of practical application - Series AP 1000 and AP 2000 series standards are implemented in specific missions. In actual work, Internal Audit Standards are constantly adapted to improve practice in this area and minimize potential conflicts of interest given that the internal auditor „ *professional competences produce real benefits to the entity, through a systematic evaluation based on auditing standards and best practices, policies, procedures and operations carried out by the entity* "[1, p.17].

The third element is the mandatory IIA Standards, also known as the "Red Book / Red Book". According to the Institute of Internal Auditors, Standards aims are:

- „outlining the basic principles that represent the practice of internal auditing;
- provide a general framework for developing and supporting a wide range of internal audits that generate added value;
- to operate as a benchmark against which to assess the results of internal audit;
- stimulate improved processes and operations of the organization".

IIA Standards in the preamble states that they are mandatory requirements based on principles, including:

- „statements about the basic requirements for professional practice of internal auditing and for evaluating the effectiveness of implementation of tasks, applying international organizational and individual level;
- interpretations that clarify terms or concepts from statements".

Qualification standards set by the characteristics of the individuals involved in performing audit and internal audit activities and shall consist of four main categories of standards (1000, 1100, 1200, 1300) with several standards subsidiary called practical implementation standards.

Performance standards or achievement defines internal audit activities, define quality criteria to measure them and shall consist of seven main standards (2000, 2100, 2200, 2300, 2400, 2500, 2600) and several subsidiaries standards, known as practical implementation standards.

Standards implementation or subsidiary, practical application is the implementation of the standards of qualification and standards of achievement for specific tasks, such as: creating a system audit, conducting a mission to provide advice etc.

Association Board of Internal Auditors of Romania - AAIR is concerned about how the adoption of Internal Audit Standards. There are ways by which it is estimated that should be adopted internal audit standards as national standards of the US or perform a translation approved by the IIA public institutions based on this „Frame of reference of professional practices" have begun to perform its regulatory framework consists of: code of ethics, professional standards specific manuals etc., to be taken in the internal audit charter of the institution. Standards must be implemented and enforced as they were set to achieve the expected results.

In Romania Romania -AAIR Association of Internal Auditors, which is seeking to join the International Institute of Internal Auditors - IIA US. AAIR

AAIR Committee founding members have established several objectives that were analyzed at the first general meeting, including the adoption of international standards for internal audit and those of good practice in this area recognized as national standards.

Thus, our country according to Law no. 672/2002 amended and republished on public internal audit, general rules were developed for the exercise of public internal audit, approved by Government Decision 1086/2013, which is the legal basis of internal audit, and after their public institutions have developed rules own specific internal audit exercise.

On these rules, we can see that the IIA Qualification Standards are similar in HG. no. 1086/2013 as qualification rules, and Performance Standards are treated as operating rules of internal audit. In Table 1.2 are presented comparatively names IIA Standards and Norms in HG. no. 1086/2013.

From the comparison made clear similarity between the rules applicable to public sector internal auditors and IIA Standards, last serving as a prerequisite for developing these rules.

Table 1 - Comparison of rules applicable to internal auditors in HG. no. 1086/2013 and IIA Standards.

The rules applicable to internal auditors in HG. no. 1086/2013	IIA standards
<ul style="list-style-type: none"> • Rules Qualifying - Internal Audit Charter and Code of Ethics of Internal Auditor; - Independence and objectivity; - Competence and professional awareness; - The quality assurance and improvement. 	<ul style="list-style-type: none"> • Qualification Standards: - Purpose, authority and responsibilities; - Independence and objectivity; - Competence and professional care; - The quality assurance and improvement.
<ul style="list-style-type: none"> • Rules of the internal audit function: - Requirements for the functioning of the internal audit department; - Objectives related to internal audit activities. 	<ul style="list-style-type: none"> • Performance Standards - Management of internal audit; - Type of business; - Planning missions; - Making Mission; - Communication of results; - Monitoring its progress; - Resolution on risk acceptance by senior management.
<ul style="list-style-type: none"> • Preparing internal audit mission • Intervention on site • Internal Audit Report • Follow recommendations • Supervise internal audit mission. 	

She shall be treated to special chartered accountant, the independent external auditor or the auditor, which disciplinary, material and even criminal activity. Implementation responsibility standards in practice can be seen to be appreciated when Auditing compliance and hence the quality of audits performed because „If in 1974, when the first international standard risk that the internal auditor to conduct an assessment wrong, today the risk is that the internal auditor to conclude that the organization's objectives were achieved, and they really should not be achieved"[1, p.113]

The internal auditor may be punished in two ways because failed to comply with professional standards: be disciplined professional institution to which it belongs (IIA) may be prohibited or professional practice; be administratively sanctioned by senior management echelon that is for his actions found during the verification of its work through wage penalties, enforcement career on the line, and even termination.

These situations will be analyzed according to the gravity of the failings that you committed the internal auditor.

When the auditor is guilty of breach of professional standards such as violating the principle of confidentiality of information held which is considered a serious mistake, the penalty may even be criminal depending on the damage or the damage to the institution's own interests audited.

Internal auditors and the heads of internal audit structures are not protected against such situations.

If at the first international standards, there is a risk that the internal auditor to make a wrong assessment, risk today is that the internal auditor to provide assurance that the institution's objectives were achieved, when in reality they are facing serious irregularities.

Internal audit standards developed in 2002 recorded a change to be extended only than, that under the main concern of internal auditors not to make mistakes, meaning to properly assess an activity, a program, an institution when there situation has not correctly assessed the seriousness of the facts and objective reasons in reality there are no problems unnoticed liability actually lie with the manager, who was required risk management and internal control objectives.

In Romania, in the AAIR (Association of Internal Auditors of Romania) there are concerns and conflicting views regarding the manner of adoption of Internal Audit Standards, some opinions and declaring the adoption of the US Internal auditing standards as national standards, as others to achieve a translation approved by the IIA US.

CONCLUSION

Standards exist for the delimitation of internal auditor's work, specialization continues its work of analysis and risk assessment, targeting value-added activities and performance evaluation of internal audit.

The above objectives can be met if, in practice internal audit will be implemented international standards and its own standards if we tackle recognized good practice in the field, if we have concerns for continuous improvement of the approach to audit and will be objective and critical of our achievements on line audit.

Exercise of the powers of the internal auditor with impeccable professionalism, professional standards, the application of recognized good practice in the field and IIA are joining a guarantee that the internal auditor should take advantage whenever possible.

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- 3 *Hotărârea de Guvern nr. 1086/2013 pentru aprobarea Normelor generale privind exercitarea activității de audit public intern* Monitorul Oficial al României nr. 17 din 10.01.2014
- 4 www.theiia.org

International Standards on Auditing (ISA) refer to professional standards dealing with the responsibilities of the independent auditor while conducting the financial audit of financial info. These standards are issued by International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB). The ISAs include requirements and objectives along with application and other explanatory material. The auditor is obligatory to have knowledge about the whole text of an ISA, counting its application and other explanatory material, to be aware of the object Impediments to the successful implementation of international standards. III.Â As currently drafted, international accounting and auditing standards implicitly assume the existence of legal, institutional and policy conditions (â€œpreconditionsâ€) which are often undeveloped or absent in many countries.Â Given the governance and management arrangements of the networks, and the fact that the networks themselves are not regulated (only their member firms are, at a national level), the main determinant of audit quality is the strength of the relevant domestic regulatory regimes, rather than network membership.