

## NEW ACCOUNTING REGULATIONS SEEN IN TERMS OF AUDITOR

Gabriela IGNAT<sup>1</sup>, Carmen-Olguta BREZULEANU<sup>1</sup>, Constantin IAȚCO<sup>1</sup>,  
Lucica ARMANCA<sup>2</sup>, Florin MURARIU<sup>1</sup>  
*E-mail:gabitu03@yahoo.fr*

---

### Abstract

Financial audit is the examination activity in the expression of an opinion of the auditors on the financial statements in accordance with international auditing standards of the International Federation of Accountants. Annual financial statements prepared by legal persons are audited according to law. They are subject to statutory audit. Financial audit is above all a rigorous process of identifying problems: gap correction, prevention and blocking risks to achieve. It applies to all independent coherent procedures and rules examination in order to assess adequate, relevant, security and operation of all or part of a body of actions by reference to a norm. Companies whose securities are admitted to trading on a regulated market as defined capital market, prepare annual financial statements with 5 components, regardless of total assets, net turnover and average number of employees. In practice there are requirements on the audit, namely: statutory audit (audit of annual financial statements or consolidated annual financial statements, under EU law), auditing the request (is auditing financial statements or of parts prepared by an economic entity in accordance with national accounting regulations and other reporting frameworks required by users of the audit report), internal audit (for independent, objective assurance that gives an entity in terms of control over work done).

**Key words:** audit, financial statements, auditors, accounting policies, accounting rules

---

The overall objective of the audit is to provide assurance that financial statements are complete and examined accurately drawn and economic operations were performed in accordance with relevant laws and regulations in force.

Achieving this objective in terms of absolute certainty, even if feasible, requires an expensive activity.

To reduce these costs there is the possibility to achieve the audits on a test basis. In this context auditors, through their reports, seeks to provide reasonable assurance - not absolute assurance - that examined the financial statements are complete and prepared in accordance with relevant laws and regulations in force.

The audit must begin always with activity planning. By planning the audit, auditors seek to ensure that audit will be carried in a economic, efficient and effective and a well-defined period of time.

Economic requires minimal resources or cost effective means to achieve productivity with minimum effort and effective means to get results. The auditor should clearly define the categories of economic operations. This activity is aimed at adopting of the audit approach for each category of operations.

The audit approach is the combination of different types of audit tests are used to obtain audit evidence necessary to achieve the objective.

Economic operations categories usually include operations being internal controls and risk assessment.

Typically, the auditor divides the financial statements of economic categories taking account of how information is presented in them.

The audit approach is the combination of different types of audit tests are used to obtain audit evidence necessary to achieve the objective, collection of audit evidence sufficient, relevant and reliable to support an opinion on financial statements, evaluating the accuracy and completeness of financial statements of activity, program or entity being audited, ensuring that the financial statements were prepared and presented properly, ensuring that the operations supporting the financial statements are legal and comply with laws and regulations.

The auditor prepare audit plan in order to establish audit objectives and how they will be met. The audit plan is a tool by which is monitored the progress made and it promotes both quality and professionalism of the audit.

---

<sup>1</sup> University of Agricultural Sciences and Veterinary Medicine of Iași

<sup>2</sup> University of Agricultural Sciences and Veterinary Medicine of Cluj-Napoca

## MATERIAL AND METHOD

In practice there are requirements or obligations on the audit of the following: Statutory audit, is the audit of annual financial statements or consolidated annual financial statements, as provided for in Community legislation transposed into national regulations, being an audit obligatory on the reporting of Romania.

Audit on request is auditing the financial statements or of parts or other reporting frameworks and requested by management or other users of the audit report.

For these types of audits there are international standards dedicated to the mission of insurance, mission of statements interim review, the mission agreed procedures.

The internal audit is used as an independent and objective activity that gives an entity assurance in terms of control activity.

## RESULTS AND DISCUSSIONS

Preparing financial statements must take account the following aspects: financial year may be different from the calendar year, in cases provided for in Article 27 of the Accounting Law. People who have opted for a fiscal year different from the calendar year have the following obligations:

- For the first financial year, to prepare annual financial statements;
- To prepare and to submit annual reports to the territorial units;
- To notify in writing the financial year chosen.

Legal entities that prepared simplified annual financial statements elaborate annual financial statements only if two consecutive financial years exceeds the limits of two of the three criteria of size.

The two consecutive financial years means the previous financial year for which annual financial statements are prepared and the current fiscal year for which annual financial statements are prepared.

Annual financial statements prepared by legal entities are audited according to law. Are subject of statutory audit also annual financial statements prepared by legal persons of public interest. These are credit institutions, non-bank financial institutions and others.

Companies whose securities are admitted to trading on a regulated market prepare annual financial statements with 5 components irrespective of total assets, net turnover and average number of employees.

Statutory auditors express an opinion on compliance by administrators with the annual financial statements report the same financial year.

The audit report is not published but is mentioned if it was expressed an audit opinion without reservation, qualified or otherwise, or if statutory auditors were not able to express an audit opinion.

In Annex 10 is presented separately the total fees charged, for the financial year, the statutory auditor or audit firm for the statutory audit of annual financial statements, the total fees charged for other assurance services, the total fees charged for other assurance services, services tax consultancy.

The auditor must ensure the existence of tangible assets and can do this only by observing actual inventory count of fixed assets or physical inspection. The auditor is not involved in heritage inventory count or organization, but only certifies that the inventory was conducted properly.

The auditor will submit for confirmation, based on the sample, confirmation letters to partners in debt, receivables, deposits with banks, commitments received and granted, the stocks held by third parties.

Change in accounting policy is permitted only if required by law or results in more relevant or reliable information about the entity's operations.

If an accounting policy change, the entity must disclose in the notes the nature of changes in accounting policies and the reasons why applying the new accounting policy provides reliable and relevant information so that users can determine if the new accounting policy has been properly chosen, modifying effect on reported results for the period and real trend of the results of the entity.

It is not considered amendments in accounting policies adopting an accounting policy for events or transactions that differs in background events or transactions previously produced and adopting an accounting policy for events or transactions that have not been previously or were immaterial.

On amending of the accounting methods, the company should calculate the impact on the financial statements of the previous year to identify the difference generated by another method. It is absolutely necessary to give the notes to the financial statements of the accounting method change and comparability with the previous period.

In the company's internal procedures should be established a significance threshold

against which to correct errors from the previous period will be the retained earnings account or current. Auditor will assess materiality based on their registration accuracy

Minor errors are not likely to influence financial accounting information. It is believed that an error is significant if it could influence the economic decisions of users taken on the annual financial statements.

Analyzing if an error is significant is not done in context, given the nature or value of the items individually or together. In the notes to financial statements additional information must be submitted on the errors found.

Simplified financial reports are more encompassing annual audited financial statements in order to inform a user group on financial policy and performance achieved

As simplified financial statements do not contain all information required by financial reporting framework used for annual audited statements to express an opinion, the financial auditor will not use the terms fair presentation and fair presentation call all material respects. Components of financial statements are a balance sheet, profit and loss account, a provision calculation, calculating a premium for an employee.

Component financial statements can follow the information needs of a wide range of users and specific users.

Financial auditor can address this type of engagement with the audit of financial statements, in whole or as a separate engagement.

In the report elaborated financial statements for a component of the financial auditor's opinion will be expressed only on the component in question in all material respects.

## CONCLUSIONS

Under the new accounting regulations, should be extended to require the auditor's performance audit examining the results in terms of economy, efficiency and effectiveness through the exercise of professional reasoning.

Elements summarized report on the financial statements presented by International Standard on Auditing 800, "Auditor's Report on Special Purpose Audit Engagements" as amended "are the title, the recipient, identifying financial statements were audited consolidated financial statements were derived, a reference audit report on the unabridged financial statements and the type of opinion made in that report, an opinion on the correspondence between the information presented in the summary financial statements with the audited financial statements which they were derived, a statement or reference to Note the summary financial statements indicating that a better understanding of performance and financial position of the entity concerned and the scope of audit coverage.

Financial auditor should evaluate inherent risk and those of control, and on them to devise appropriate procedures to reduce the risk not be detected at a level that is willing to accept that global risk auditing.

## BIBLIOGRAPHY

- Danescu, Tatiana, 2008** – *Proceduri si tehnici de audit financiar*, Editura IRECSON.
- Iatco, Constantin, 2008** – *Modernizarea controlului financiar*, Editura TipoMoldova, Iași.
- \*\*\*, **2011** - *Sistemul simplificat de contabilitate*, Editura, Meteor Press.
- \*\*\*, **2006** - *Standarde Internationale de Raportare financiara*, Editura Corpul expertilor contabili si a contabililor autorizati din Romania.