

THE INTERNAL AUDIT WITHIN THE ROMANIAN PUBLIC INSTITUTIONS. CASE STUDY

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Abstract:

Internal Audit is an important element in the evolution of entities, an important step in the introduction and development of performance management in public institutions. The introduction of internal audit highlights, in the same time, changing the assessment of public institution, namely, in terms of performance, not the measure to which they serve "the public", criterion previously considered.

Article provides a perspective of the evolution of the concept of "internal audit" from its time to the present, highlighting the main roles in internal audit exercise which defines its position as agent of change in public institutions and presents a case study. The case study is an empirical research based on a questionnaire in which we have analyzed, if performing a correct salary of staff in primary schools of a city from Romania with regard to internal audit.

Key words: *internal audit, internal audit observation role, wages internal audit, empirical research, questionnaire.*

JED Classification: M42

Introduction

In a global economy based on knowledge, in which the information represents the 2nd important factor after human resources, the audit becomes more and more important. The introduction of the internal public audit represents an important step in the development of the performance management in public institution, regardless of their main activity. The internal public audit is enclosed with professionals specialized in the auditing of the main aspects related to the activity of the public institution, and the cumulative result of the efforts of the audit group members cannot be matched by the individual efforts of a manager, no matter how prepared and well-intentioned he would be.

Research methodology

The research methodology has consisted in the review of the approaches within specialty literature and of the specialty articles from national and international magazines. I have conducted an empirical research, based on questionnaires, in which I have analyzed the wages in the middle schools from the level of a city from Romania. I

have chosen, as an analysis method, *the questionnaire*, which, from my point of view, directs you the best in the objective identification activity of the dysfunctions and of the actual causes on account of these are generated within an educational institution and beyond.

Specialty literature

The origin of the audit term comes from the word *audit-auditing*, from Latin, and means *to listen* (Ghiță M., Pereș I., Nicolau C., Bunget O.C., Florea-Ianc Z., Pereș C.E., 2009, page No.281).

The specialty literature has accentuated the fact that there have been preoccupations in the domain of the “internal audit” concept analysis.

Over time, the experts of the academic sphere and the audit practitioners didn't have a common point of view in terms of the defining of the “internal audit” concept. The term *audit* dates as far back as the era of the Assyrians, Egyptians, Charles the Great (Charlemagne), Edward I of England.

In 1941, the Instituted of Internal Auditors (I.I.A) was created, to whom over 90 national institutes of the internal auditors have affiliated.

In 1944, Arthur E. Hald has accentuated the fact that “the need has determined the creation of the internal audit concept and its integration in the mechanism of a modern activity. If, until now, the large organization haven't assumed the internal audit, they will do it sooner or later, but if the events will unfold as they have until now, it is certain that they will do it sooner rather than later” (a quote by Flesher D.L., in the study “Internal Auditing: Standards and Practices”. 1996).

In 1958, Victor Z. Brink and Cashin. J, in the “Internal Auditing” study, have accentuated the fact that: “the internal audit is discloses as being a special segment from the vast domain of accounting; it often uses the same techniques and often leads to the erroneous assumption that the differences between work and their objectives are subtle ... the internal auditor, being an employee of the organization, has, all the more, a vital interest in all the types of the organization's operations, the fact that he is extremely interested in helping to the improvement of these operations and to the maximum increase of their profitability being a matter of course.”

In 1961, in the study “The Philosophy of Accounting”, Mautz R.K and Hussein A. Sharaf feel that “the relationship between audit and accounting is closed, their nature still being very different; they are associated activities, not parent and child. Accounting includes the collection, classification, centralization and communication of the financial data; it is involved in the measuring and reporting of the business's events and of the situations that affect it; the results attained are passed on to the enterprise or to other entities ... the mission of the audit is to review if the accounting's measurements and communications are conformable ... the audit focuses on support evidence for the data and for the financial situations. Thereby, the audit has its main source not in accounting, which is revised, but in the logic on which the ideas and methods are heavily supported.”

In 1963, Walsh Jr. F. J., in the “„Internal Auditing: business policy study”, considered that the „internal auditors have gradually begun to refine each activity type from the work, offering assessments for each control form.”

In 1969, Carey J.L., in his study, “The rise of the accounting profession: from technician to professional”: „the internal audit has gained its right to be considered a mature profession, fulfilling the absolutely necessary conditions for being considered a profession.”

In 1973, the American Accounting Association appreciated that: “the audit is an attainment and objective evaluation process of some statements concerning the actions and the events of an economic nature, in the view of the assessment of the compliance degree of these assertions with pre-established criteria, as well as of the report of the results to the interested users.”

In 1978, the Standards for the Professional Application of the Internal Audit, elaborated by the I.I.A., have given a new definition of the internal audit: “The internal

audit is an independent assessment activity, established within the organization and as a service for it. It is a manner of control, which operates by the examination and evaluation of the other reviews effectiveness. The objective of the internal audit is to assist the members of the organization in the effective accomplishment of their responsibilities.

In 1990, V.M. O'Reilly, in the „Montgomery's Auditing” study, has effectuated a detailed analysis of the internal audit concept, an analysis that has highlighted the following:

“*The audit is a systematic process*”, which suggests that the audit is based, the least, on discipline and on the philosophy of a scientific method. Many auditors don't feel that they implement a scientific method, because it would imply a higher level of structure than it's desired in the audit.

“*The compliance degree assessment of the pre-established criteria assertions*”. Any audit mission has as a main objective the formulation of an opinion by the auditor on the assertions concerning the economic facts and events, showing to what extent are the mentioned assertions conformable to the existing criteria or standards.

“*The results reporting to the interested users*”. The final “episode” of each audit mission is the drawing of a report that would notify the reader about the degree in which the audited' assertions meet the accepted or required criteria.

In 1990, Mantz and Sharaf, quoted by V.M. O'Reilly in the “Montgomery's Auditing” study assess that, “the audit operates with abstract ideas, he has, as a *foundation*, numerous types of learning, his foundation is represented by a rational structure of postulates, concepts, techniques and rules, basing on a rigorous intellectual study that deserves to be called “discipline”, in the current sense of this term.” Joseph J. Mossis, a chairman of the Great Britain Internal Auditors Institute, mentioned, in 1991, the following: “It is clear for the ones that work within the internal audit position, that it has a vital role to play, helping the management to take the lead.”¹

The significant differences between the Declaration of Responsibilities, issued by I.I.A. in 1947 and the subsequently revised declarations in 1976, 1981 and 1990 have consisted in the replacement of the „organization” terminus with the „management” terminus.

In 1999, in the opinion of Krogsdat J.L („Were We're Going”, 1999), the main advantages of the new definition are the following:

- The internal auditor profession will be described by the quality of the services it offers and less by the indication in which it is effectively accomplished.
- The internal auditor profession needs to be perceived as an added value provider;
- The internal auditors will approach the profession from the perspective of the value added to the organization.

The internal audit concept² was marked, at the beginning of its existence, by the fact that “the internal auditors only had a limited responsibility in the general managerial spectrum”, in the opinion of the authors Moeller R. & Witt H. N. („Brink's Modern Internal Auditing”, 5th Edition, 1999).JaqueRenard („The theory and the practice application of the internal audit”, 2000) is included in the critics of the internal audit definition, given by I.I.A. in 1999, assessing that:

¹ Jacques Renard- Teoria și practica auditului intern, Ediția a IV-a elaborată prin programul UE PHARE, “Dezvoltarea procedurilor de audit și control intern în România” sub coordonarea MFP, București, 2003, pg.15 (Jacques Renard- The internal audit theory and practice, The 5th edition, elaborated through the EU PHARE program, „The development of the audit and internal control procedures in Romania”, under the coordination of MFP, Bucharest, 2003, pG. 15)

² Revista Finanțe publice și contabilitate, nr. 10, octombrie 2010, pg 55 (The Public Finances and Accounting Magazine, No. 10, October 2010, pg. 55)

- by the utilization of the word “activity”, for defining the internal audit concept instead of “function”, the internal auditor is situated on a subordinate place, as the activity is more rudimentary than a function;
- the new definition is, above all, “voluntarist”, it shows more than it must be, than it is, thus resulting, for a period of time, a possible disparity as against reality;

In 2005, Staciokas R. & Rupsys R, in the „Application of Internal Audit in Enterprise Risk Management” study, analyzing the responsibility statement of the internal auditor, revised a decade after the first responsibility declaration issued by the I.I.A., have established the fact that the functions of the internal auditor were widened towards the following:

- the review and evaluation of the financial and accounting verifications; - the evaluation of the protecting degree of the organization’s assets against loss; - the evaluation of conformity with the policies, the plans and the procedure.

In 2006, the I.I.A. board of directors has established an international coordination committee and a work group for the professional practices specialists (PPS) and I.I.A. rules structure revision.

Conclusively, we assess that the development of the audit hasn’t stopped, being an ongoing process, and the future will prove the fact that the internal audit will know new definitions, determined by the circumstance adjustment, so as to illustrate, as efficient as possible, the essence and the recorded progress.

The audit process³, as part of the internal audit’ main activity, represents the audit’s mission, which unfurls on the basis of some national rules and international standards. The internal audit in the public entities is effectuated by the internal public audit compartment and exercised on all the activities unfolded in a public entity, inclusively on the activities of the subordinate entities, in coordination or under authority, with respect to the formation and utilization of the public funds, as well as in the administration of the public property ⁴⁵,

In the public institutions, the internal audit ⁵ has a *profound fluctuation agent role*.

“*Wherefrom does this role devolve?*” The answer is a simple one and resides in the application of the corporatist governance concept and on the level of the public entities, which means that a public institution must be managed in the same manner as a business, namely profitably and efficiently, all the more so as it is financed from public funds. The internal public audit, according to the bill concerning the internal public audit, is defined as a functionally independent and objective activity, which offers assurances and counseling to the management for the proper management of the incomes and public expenditure, perfecting the activities of the public entity.

In terms of the place of the transformation agent in public institutions, 5 roles can be identified through whose exertion the internal audit defines the mentioned position. These are the following: the observance role, the diagnosis role, the counseling role, the assurance role, the stimulant role.

The observance role of the internal public audit is fundamental, the internal audit being able to delineate the actual situation of the entity in the view of the correct establishment of the enforced changes.

³ Croitoru, I., Calota, G-Necesitatea documentării procesului de audit intern, Revista Finanțe Publice și Contabilitate nr. 5/2010, pg. 12 (Croitoru, I., Calota, G – The internal audit process documentation necessity, The Public Finances and Accounting Magazine No. 5/2010, pg. 12)

⁴ Dragan, C-Auditul financiar-contabil In context european, Editura Universitară Craiova, 2005, p. 260 (Dragan, C. – The accounting-financial audit in an European context, The Craiova Academic Publisher, 2005, pg.

⁵)

The diagnosis role consists in the fact that the internal audit analyses the relevant gathered observations, so they can reach to conclusions concerning the necessary changes that have to be implemented. For executing this role, the internal audit utilizes methods, techniques and specific instruments, as well as experience and communication abilities of the internal auditors, to the purpose of formulating some solutions and proposals that target the effectuation of some organizational changes, without influences from the managers or employees desires.

The counseling role is objectified through the activity of the internal audit, meant to create extra value and improve the administration of the public entity, the risk administration and the internal verification, without the internal auditor to assume managerial responsibilities, formalized counseling missions, contained in a distinct section of the annual audit plan, effectuated by systematic and methodical approaches, according to some pre-established procedures and being of a formalized nature; counseling missions of an informal nature, achieved through the participation to various permanent committees or to projects of a limited period, to punctual assemblies or current information exchanges; counseling missions for exceptional situations, comprising the participation within some teams constituted for the purpose of resuming the activities as a result of a case of a situation of necessity or of other exceptional events.

The assurance role of the internal audit confers the management of the public institutions the trust in both the necessity of achieving some changes, as well as in terms of the impact and their results or the results of the already implemented ones. The internal audit provides conclusions on the quality of the correct projection of the change needs, of the correct establishment of priorities in this domain, of the quality of the projection and of the implementation of change and especially, of the performance level that had to be reached, which was or will be reached.

The stimulant role can become operational only if the other stated roles were accomplished at an at least satisfactory level. In the adverse case, the internal audit can transform in a genuine change-resistant system, thus preventing the public institution to function efficiently and effectively. The question “What guarantee do we have that the internal public audit can fulfill its double purpose, the one of being a genuine agent of public institutions change, as well as an agent of its own change?”

The existence of a modern legal framework and of some rules and procedures elaborated in accordance to the audit standards accepted internationally and to the proper application of the EU are considered fundamental guarantees in that, by both the counseling role, but also by the other roles, the internal public audit is *a genuine agent of change within the public institutions*.

The internal audit cannot act as *an efficient and effective agent of change in the public institutions* as long as it is incapable of self-improvement, namely to be its own agent of its own change. The internal audit cannot help the public institutions to progress as long it itself doesn't adjust its procedures, methods, conceptions and mentalities to the requests and expectations of the public entities management. Thus, it can be spoken, on one hand, of a permanent self-evaluation of the internal audit quality, and on the other hand, of the necessity of an “audit” of the internal audit exertion by the authorized constitution, nationally, UCAAPI, or by the audit committees that he hope to be established at the level of the public entities with a status of main credit release authority.

From the accumulated experience, we can assert that there still are significant limitations in improvement, change, update and change of the current internal public system, in effectiveness and in efficiency, as well.

Material and Methods

In this case study, I have conducted an empirical research based on questionnaires, in which I have analyzed the wage methods and the wages in a middle school. At the

ascertainment of the sample piece, an important aspect was constituted by the singularity of the research theme, reason for which the target group to whom I addressed, is composed of the entirety of the middle schools recorded at the level of a city from Romania, wherefrom I have randomly extracted the sample piece and applied the questionnaire by means of which I have gathered the information I needed. The respondents to this questionnaire are the employees of the middle schools, who work in one of the following departments: the audit, the financial-accounting, quality management or even administration, where the amount of employees is low. We specify that at the ascertainment of the sample, it was taken to ensure that the selected entities had a representative geographic distribution at the level of the town, covering the main activity domains. The size of the chosen sample is of 9 middle schools.

The questionnaire contains a set of 16 questions formulated so that we could obtain an instant *X-ray* with relevant information about the internal audit activity **in terms of the personnel expenditures**. For the statistical processing of the data, special programs are used, the most renowned ones being SPSS, Sas or Systat. The purpose of this case study is to present the most important aspects about the statistical processing of data using the SPSS program (A software package used for statistical analysis).

Results and discussion

In the following, I will present to you the questions that are recaptured in the questionnaire, as well as the diagrams, tables generated by SPSS, all these being completed with the results corresponding to the questions.

1. Does the public institution have the “Functioning and Organizing Regulation” developed? Yes

- No
- Don’t know

Table No. 1

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	9	100,0	100,0	100,0

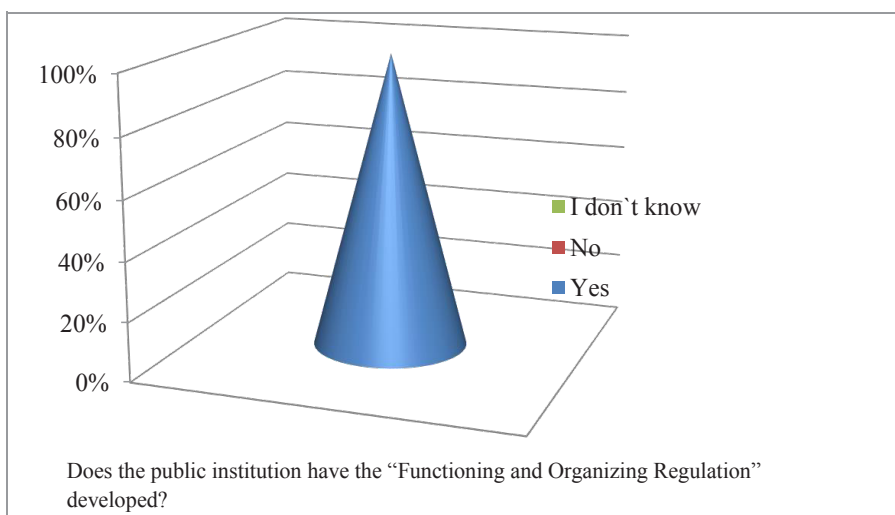


Figure no. 1. Question no. 1

At the No.1 question, 100% have responded with *Yes*, which means that the public institution managed to define the place of the internal audit within it, to authorize the access to the documents, the goods and the qualified persons for the proper execution of the mission and to define the practicability area of the internal audit activities.

2. Are sheets of the jobs for all the position provided in the organization statute of the public institution drawn?

- Yes
- No
- Don't know

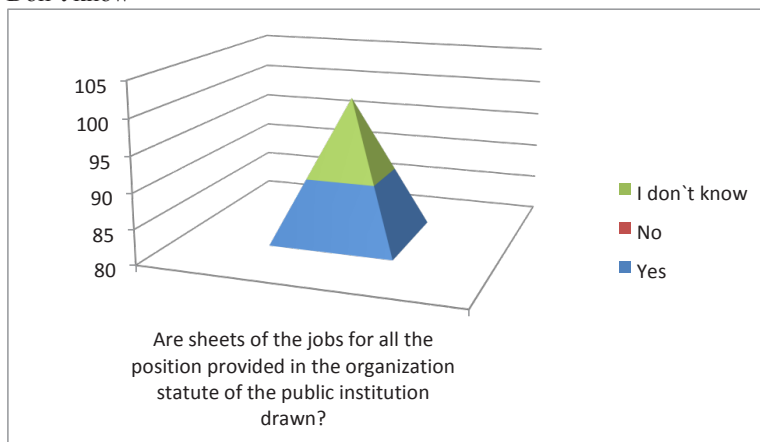


Figure no. 2. Question no. 2

Table No. 2

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	8	88,9	88,9	88,9
	I don't know	1	11,1	11,1	100,0
	Total	9	100,0	100,0	

At the No. 2 question, 88,90% have responded with *Yes*, which proves the fact that each employee has a well-defined role in the public entity, established through the job description. The tasks are entrusted and the results are reported only in the manageremployee-manager report (leader-subordinate-leader). The managers must identify the tasks in whose accomplishment, the employees can be exposed to some difficult situation and that influence negatively the management of the entity. The manager must support the employee in the fulfillment of his tasks. The remaining 11,10% have responded with *I don't known*, which means that the employees of the public entity are not aware of the job description responsibilities.

3. Is the main activity well specified in the "Functioning and Organizing Regulation"? Yes

- No
- Don't know

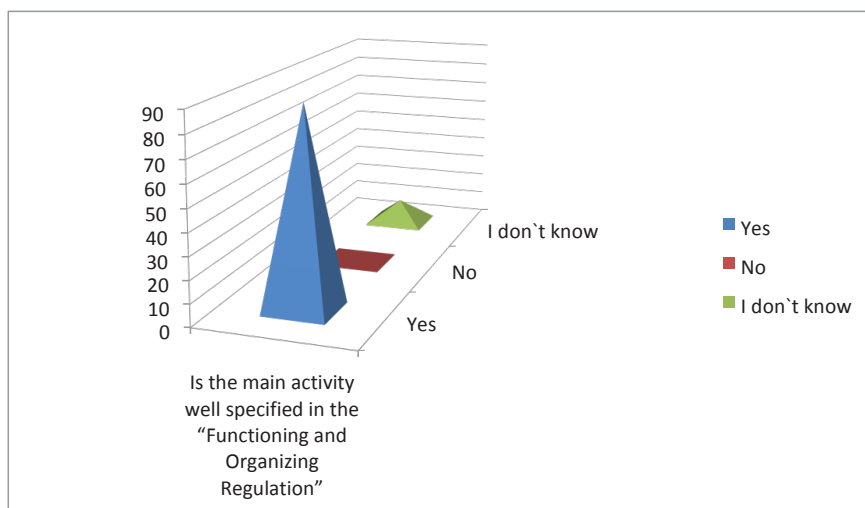


Figure no. 3. Question no. 3

Table No. 3

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	8	88,9	88,9	88,9
	I don't know	1	11,1	11,1	100,0
	No	9	100,0	100,0	

At the No. 3 question, as in the case of the previous question, the percentages have the same value, respectively 88,90% have responded with *YES*, the remaining 11,10% with *NO*, which means that the majority of the public entities have the main activity, mentioned in the Functioning and Organizing Regulation, well devised and that the following characteristics are fulfilled: the harmonization of the educational demands of the didactics and practical teaching with the requests of the students and parents; the assessment of the scholar progress of the students; the establishment of the students' encouragement methods with a slow learning rhythm; the organizing of supplementary activities for the students capable of scholar performances.

4. Are the general objectives, specific to the compartments of which they are part of, defined and reported to the personnel?

- Yes
- No
- Don't know

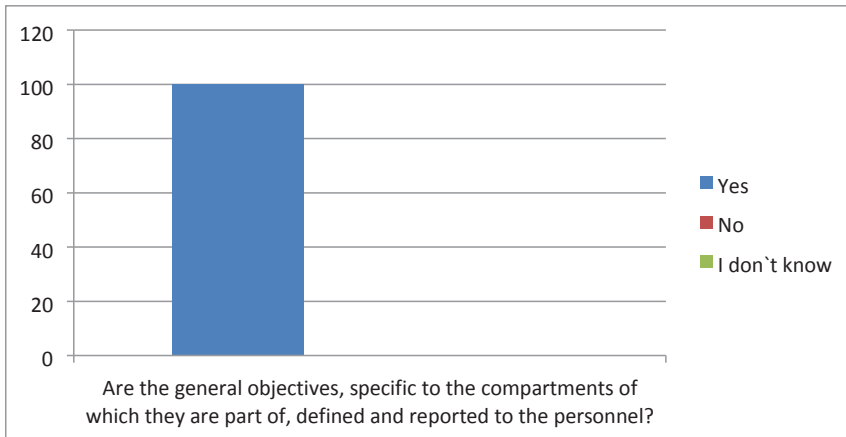


Figure no.4. Question no. 4

Table No. 4

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	9	100,0	100,0	100,0

The No.4 question has 3 response variants, and namely *Yes*, *No* and *I don't know*; from the selected sample, all of them have responded with *Yes*, respectively a 100% percentage, which meant that, at the level of the public entities from the taken into account sample, the organization manner, the efficiency, the quality and the work discipline are well ascertained; the assurance of a favorable work environment and the permanent collaboration with the other compartments and institutions within the system and outside of it.

5. Are there situations, in the period between 01.01.2010 – 31.10.2014, of payments representing assistance within social insurances?

- Yes
- No
- Don't know

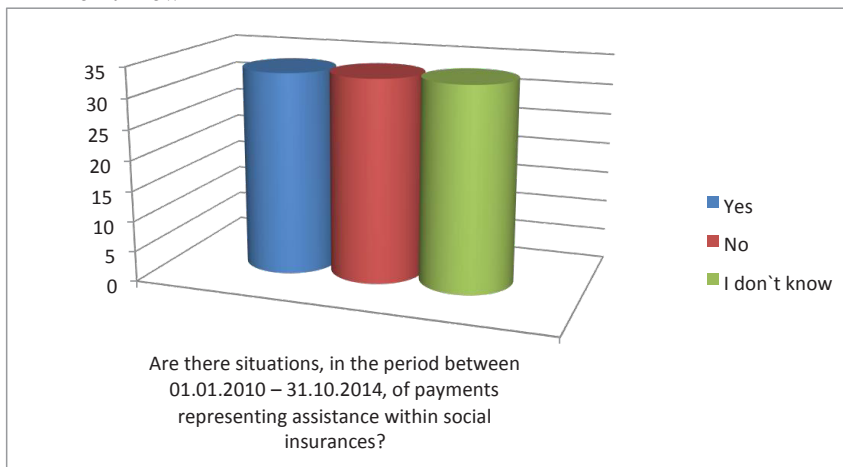


Figure no.5 Question no. 5

Table No. 5

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	3	33,3	33,3	33,3
	No	3	33,3	33,3	66,7
	I don't know	3	33,3	33,3	100,0
	Total	9	100,0	100,0	

The No. 5 question has 3 answer variants, respectively *Yes, No, I don't know*; the attained percentage has an equal value, respectively 33,33% have responded with Yes; 33,33% have responded with No and 33,33 % have responded with I don't know, which means that, in middle schools, there are, equally, sole teachers, Romanian citizens without income or with low incomes, citizens of other states or stateless, which have their residence or home in Romania; in the statuses of the Romanian legislation, they have the right to the minimum wage, ensured in the circumstances of the current law; the separated spouses also have this right, if the social investigation justifies its granting. In the main, the granting of welfare is linked to poverty, which differs depending on the level of income and the family structure; 33,33% don't need it.

6. There are situations, in the period between 01.01.2010 – 31.10.2014, of: Employed or maintained at their jobs retired individuals;
 Individual to whom the work reports have been discontinued; (a nominal case)
 Individuals that have unfounded absences from work; Unpaid leaves.

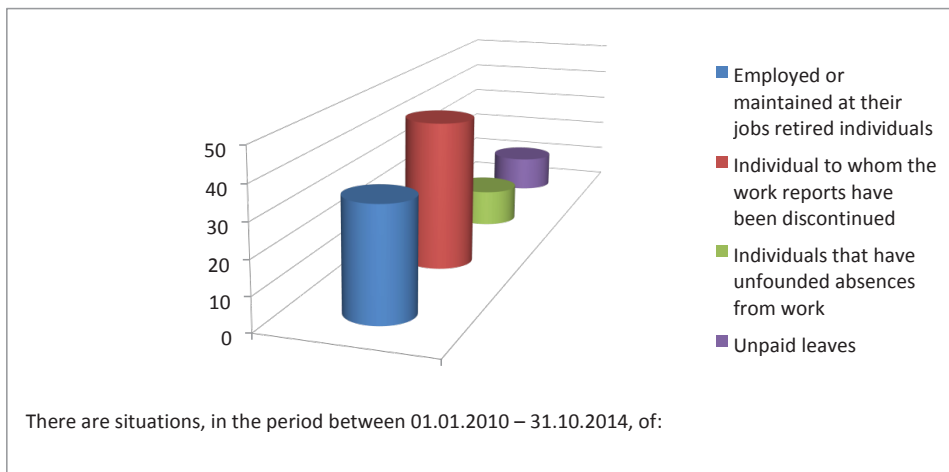


Figure no. 6. Question no. 6

Table No. 6

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Employed or maintained at their jobs retired individuals	3	33,3	33,3	33,3
	Individual to whom the work reports have been discontinued	4	44,4	44,4	77,8
	Individuals that have unfounded absences from work; leaves without pay	1	11,1	11,1	88,9
	Unpaid leaves	1	11,1	11,1	100,0
	Total	9	100,0	100,0	

At the *No. 6 question*, it can be observed that 33,33% have responded with *Yes*; thus, it results that in the public entities from the specimen taken into account, there are employed retired individuals that have been maintained on their jobs; the individuals to whom the contract has ended represent a percentage of 44,44, and the percentage of the ones that have unfounded absence from work are equal to the one of the individuals that had leave without pay, with a percentage of 11,10%.

7. Also, between 01.01.2010-31.10.2014, there are wage abstentions for:

- Lectures,
- Sick leaves,
- Study leaves
- Delegations abroad

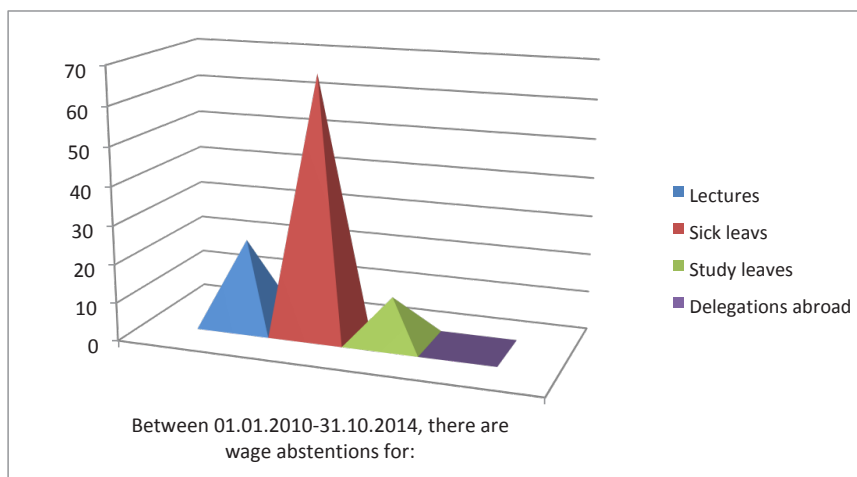


Figure no.7. Question no. 7

Table No. 7

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Lectures	2	22,2	22,2	22,2
	Sick leaves	6	66,7	66,7	88,9
	Study Leaves	1	11,1	11,1	100,0
	Delegations abroad	9	100,0	100,0	

At the *No. 7 question*, a greater emphasis on the sick leave abstentions as against the specialization courses or study leaves is observed. Hence, it results that, in the public entities that are part of the studied specimen, more improvement programs and specialization courses for teachers should be implemented.

8. Are the justificatory documents circulation and drawing chart (updated and adapted to the specific of the entity), the number and the date of these documents drawn up and available for the period subjected to auditing?

- Yes
- No

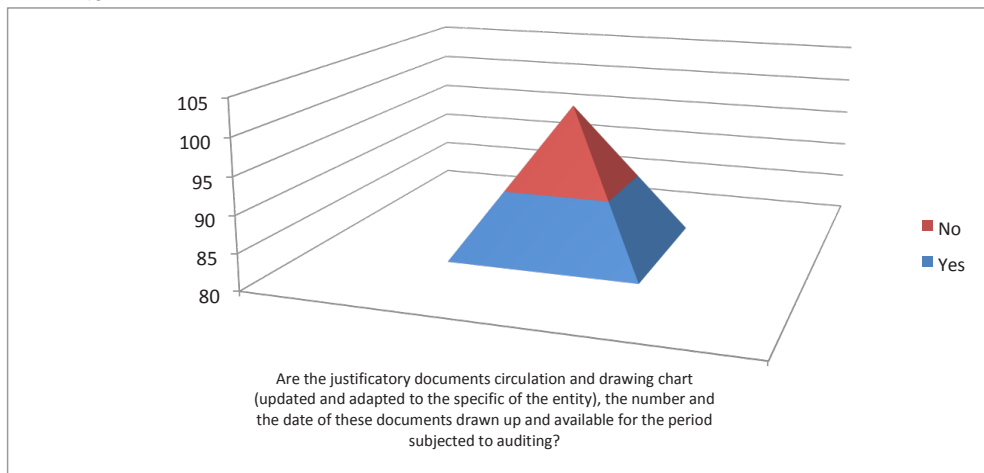


Figure no.8. Question no. 8

Table No. 8

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	8	88,9	88,9	88,9
	No	1	11,1	11,1	100,0
	Total	9	100,0	100,0	

The majority answer at *the No. 8 questionis* Yes, in ratio of 88,90%, which brings us to the conclusions that, in middle schools, there are drawing up and circulation diagrams of the justificatory documents at whose drawing up, the forms' utilization rules must be taken into account, directions that contain the following: the name of the documents, the individuals responsible of their drawing up, the date of the drawing up and the deadline

established for the delivery of the documents, the amount of exemplars and their destination, as well as other elements that are considered necessary; the remaining 11,11% from schools don't have the necessary documents for drawing up the justificatory elements' circulation and drawing up diagram, a fact that proves that they haven't established their internal procedures as they should have.

9. Are there fiscal files regarding the personal deductions granting documents and are they up to date?

- Yes
- No

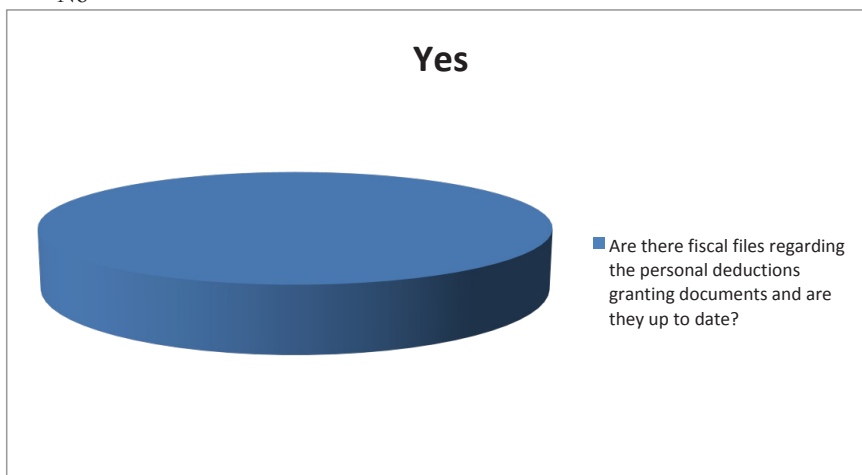


Figure no.9. Question no. 9

Table No. 9

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	9	100,0	100,0	100,0

At the *No. 9 Question*, behind the interrogation of the specimen, a 100% fiscal files completion has resulted; the middle schools respect the wages bill and the regulations in force, meaning that in this domain no improvements can be brought.

10. Are there payments effectuated with a preventive delegate financial verification?

- Yes
- No

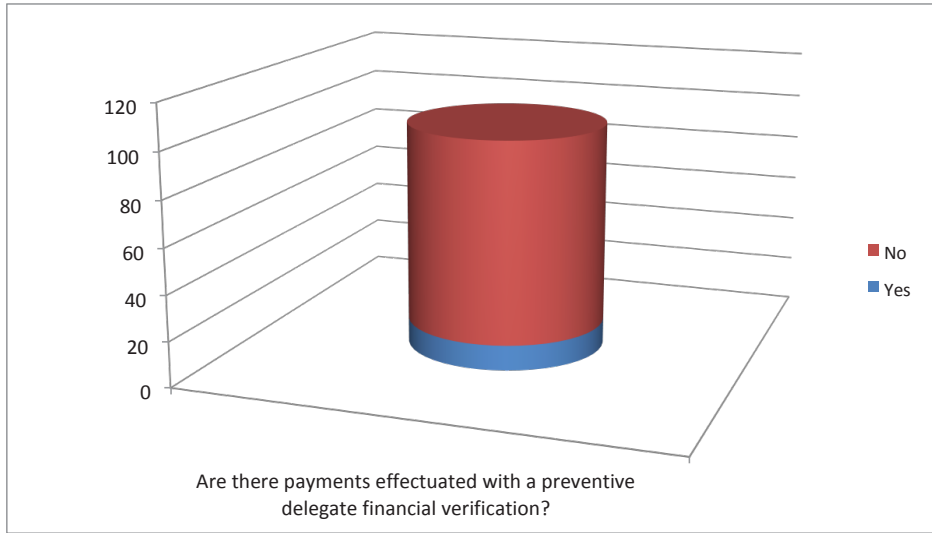


Figure no.10 Question no. 10

Table No. 10

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	1	11,1	11,1	11,1
	No	8	88,9	88,9	100,0
	Total	9	100,0	100,0	

The response from *the No. 10 question* is YES, with a percentage of 11,11 from the public entities, which means that these schools have as documents, the following: bills for the assets acquisitions, services and studies; pay sheets for the wages and other salary rights; expenses clearings. In the view of the personal preventive financial verification visa, the operation projects are submitted along with fitting justificatory documents, certificates regarding the reality and lawfulness by way of the signatures of the department managers within ADR, who initiate the respective operation, and the remaining 88,90 % don't dispose of the required documentation for drawing up the delegate preventive financial verification visa.

11. Are there other activity verification instruments instituted and exercised, besides the ones specified in the present questionnaire? If there are, we invite you to specify them:

- Yes
- No

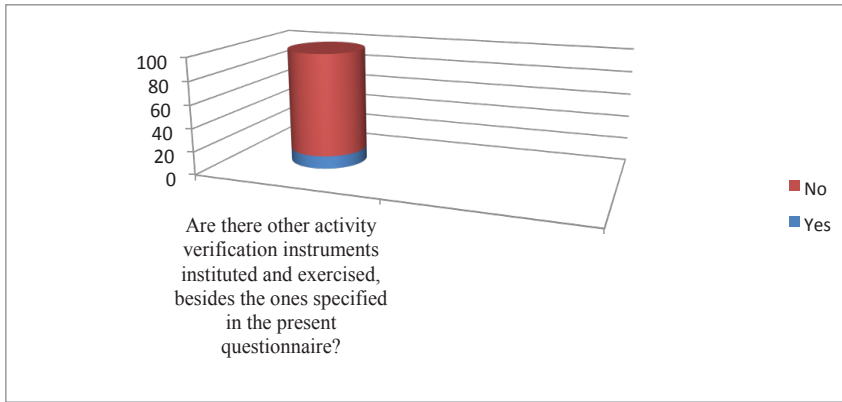


Figure no.11. Question no. 11

Table No. 11

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	1	11,1	11,1	11,1
	No	8	88,9	88,9	100,0
	Total	9	100,0	100,0	

At the No.11 question, it can be noticed that a percentage of 11,10 have responded with Yes, which means that, in the current questionnaire, there are also other activity verification elements instituted, activities such as direct observation, lessons and extracurricular activities (provided in the activities program of the school) assistances, the reports of the methodical committees, analysis reports, and that the rest have responded with No, the majority of schools considering that the current verification elements are enough for a timely analysis of the internal wages audit.

12. Have cases in which material liabilities were established, disciplinary or contravention sanctions applied, as a result of the internal verifications effectuated in the wages department been noticed?

- Yes
- No

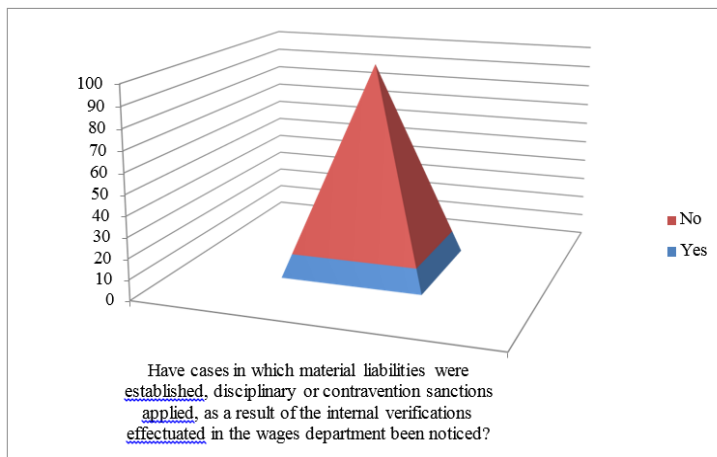


Figure no.12 Question no. 12

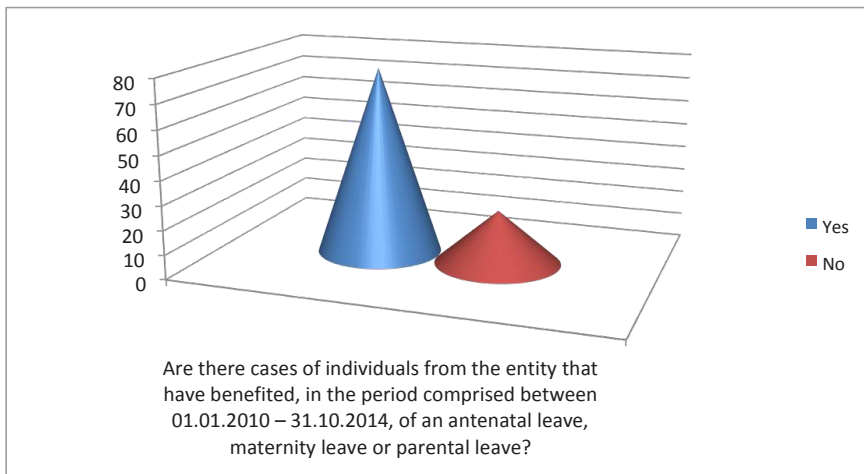
Table No. 12

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	1	11,1	11,1	11,1
	No	8	88,9	88,9	100,0
	Total	9	100,0	100,0	

In the *No. 12 question*, a 11,10% percentage have responded with *Yes*, which means that the auxiliary teaching staff, as well as the management, guidance and control one from the undergraduate education have responded disciplinary for the culpable violation of the obligation that they have according to the individual employment contract, as well as for breaking the behavioral regulations that are not in the benefit of the education and of the unit's/institution's prestige, according to the law, the result being the reduction of the cumulative salary, when appropriate, with the management, guidance and control compensation, with up to 15% on a period of 1-6 months; 88,90% have responded with *No*, from this resulting that the public entities haven't committed misbehaviors and have performed their duties properly.

13. Are there cases of individuals from the entity that have benefited, in the period comprised between 01.01.2010 – 31.10.2014, of an antenatal leave, maternity leave or parental leave?

- Yes
- No

**Figure no.13. Question no. 13****Table No. 13**

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	7	77,8	77,8	77,8
	No	2	22,2	22,2	100,0
	Total	9	100,0	100,0	

Question No. 13 has *Yes* as a response variant, in a percentage of 77,80, which means that, within the middle schools, the teachers have needed leave, respectively, they have the right to maternity and postpartum leaves on a period of 126 calendar days, under the law in force. The pregnancy leave can be granted on a period of 63 days before birth, and the postpartum leave, on a period of 63 days after birth. The minimum mandatory duration of the postpartum leave is of 42 calendar days, and 22,20% didn't require, in the audited period, prenatal, maternity or postnatal leave.

14. In the period subjected to auditing, were there wage calculation errors?

- Yes
- No

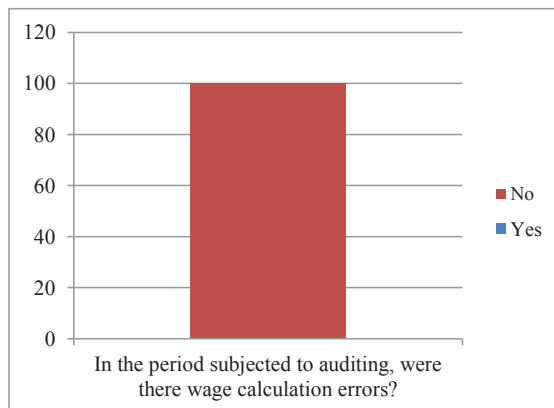


Figure no.14. Question no. 14

Table No. 14

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	No	9	100,0	100,0	100,0

The No. 14 question contains, as response variants, *Yes* and *No*, 100% of the selected specimen having *No* as a response; this proves the fact that, in the schools from the specimen taken into account, the education quality evaluation is performed, an evaluation that is made on the “added value”, namely depending on what the school and the education add to the knowledge “trousseau”: skills, aptitudes, general competences that already exist at the level of the individuals, groups and communities. The schools are very different in terms of the premises and resources brought into play and, with equal efforts, very different results can be obtained. As a result, the quality can be also obtained in schools that operate in difficult conditions, and the submitted effort and the obtained results must be acknowledged and rewarded.

15. Were there cases of overtime payment?

- Yes
- No

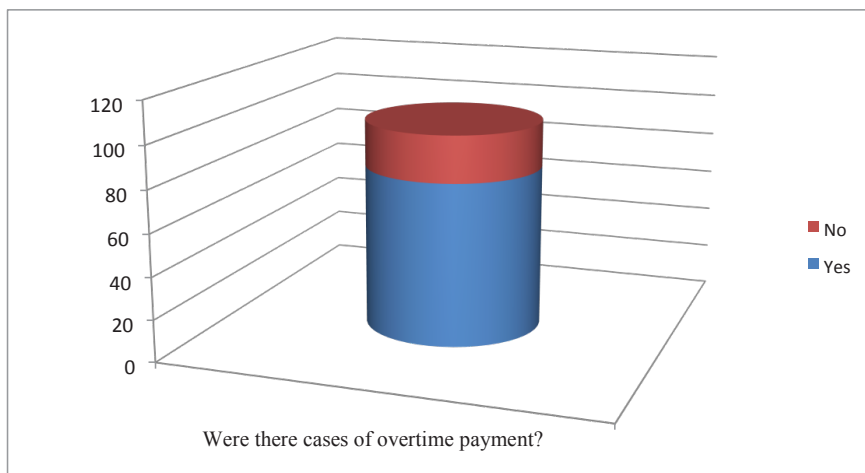


Figure no.15. Question no. 15

Table No. 15

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	7	77,8	77,8	77,8
	No	2	22,2	22,2	100,0
	Total	9	100,0	100,0	

At the *No. 15 question*, a percentage of 77,80 have responded with *Yes*, which means that the majority of the public entities respect the wages and normalization of the work which says that: “In the case of the work remuneration per hours, the additional work for the first two hours is remunerated with at least 1,5 base rates established per hour, and for the following hours, at least doubly. In the case of the labor remuneration in agreement with the wage tariff system application, for the additional work, an accession of at least 50% from the tariff salary of the respective category employee, paid per hour for the first 2 hours, and with at least 100% of this tariff salary – for the following hours, and with the opposition of the non-tariff wages systems – of 50% for the first 2 hours, and respectively, 100% of the minimum guaranteed salary quantum per hour in the actual sector – for the following hours. The compensation of the additional work with free time is not permitted, a percentage of 22,22 don’t pay the overtime, a fact that proves that they don’t respect the law presented above.

16. Are there strategies and programs concerning the formation and professional training of the personnel from a public institution?

- Yes
- No

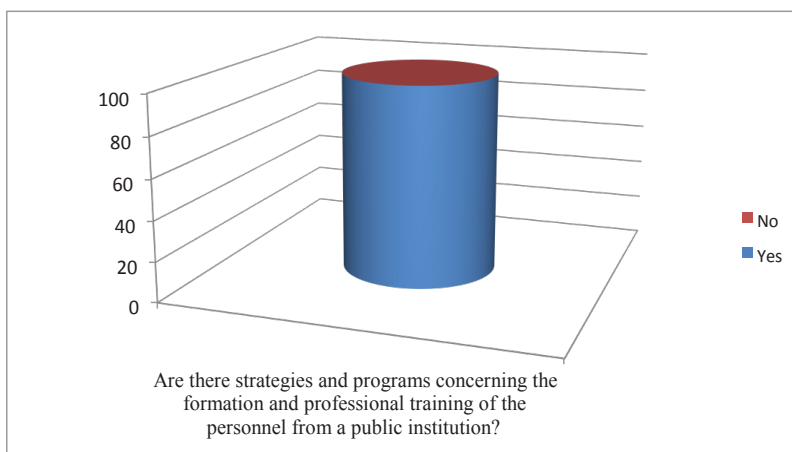


Figure no.16 Question no. 16

Table No. 16

		Frequency	Percentage	Validity percentage	Cumulative percentage
Valid	Yes	9	100,0	100,0	100,0

At Question No. 16, 100% have responded with Yes, a fact that proves us that in the public institutions from the sample taken into account, the strategies and the professional background of the personnel are well devised. The existence of the well prepared personnel, trained permanently and specialized according to the EU requirements represents one of the solutions through which the local authorities can involve in an efficient and active manner in the regional and national development. The teachers and trainers are *key participants* in any strategy that takes into account the development of a society or knowledge economy. A proper training of them can help them to respond to the challenges of a society based on knowledge. In order to engage as many young individuals as possible, individuals that would welcome the teacher or trainer occupation, both the attractiveness, as well as a qualification adequate to the beginners, in all disciplines and training levels must be ensured.

Conclusions

The finality of the public accounting is to guarantee the attainment of the true image on the financial position situation, of the financial performance, but also on the treasury and income & expenses execution flows.

- The wages of the personnel from the public management and public institutions is accomplished in accordance to the provisions of the bill No. 154/1999, with the subsequent changes, by unitary criteria. The differentiation of the wages levels between various segments of the budgetary system is accomplished by differentiated levels of the reference wages and the differentiation coefficients.

Nevertheless, the growth of the wages in a public branch generates pressure and wage growth requests in all the other branches. These pressures compel the state to ensure relatively unitary wage growth measures in the entire public branch. Thus, the state is compelled to make a considerable financial effort in relatively short periods of time, an effort that is usually impossible to accomplish at the quotas claimed by the social pressure factors. ○ Irrespective of the size, the prestige of the school and of the professional results of the students of each education unit, the teachers are maintained

in the unit “for life” and paid equally depending on seniority and activity – qualities that, in many cases, don’t have a connection with the instructive and educational performances of the pupils. ○ Currently, there are middle schools and high schools, respectively teachers, in different classrooms, overburdened by pupils and their parents. These elite schools often function in 2-3 *shifts* with a maximum amount of students or over the legal provisions per classroom, but even in these circumstances they reproduce their prestige by the valuable results that they attain. Nevertheless, the teachers (the school teachers or professors from these schools or classrooms) are paid like the ones of the mediocre institutions (in terms of performance). ○ The headmaster had many responsibilities concerning the organization of the school’s budget, the diversification of the financing sources, with the current budgetary execution and especially, the execution of the school’s management contract. He is and must be the most important part of the financing system. In the exertion of the rights and responsibilities as a headmaster, he is limited or excluded from the possibility of deciding how to use the funds on various destinations and priorities, on the strength of the existence of a centralized and extremely complicated legislative system regarding the standardization and remuneration of the personnel and the utilization of the funds on expenses sections, as they were approved “from above”. ○ The financing sources are multiplied and differentiated through the school’, the local decision factors’ and the community’ efforts, but their employment/expenditure is made according to some rigid and non-stimulating regulations for the authors of the effort. The schools are interested by the use of the patrimony and the development of the income bearings activities, but the current laws and even some bill projects enforce that these funds to be focused on city halls or on state budget and their use to have as destination the schools also, but based on the following principle: “from each according to his abilities, to each according to needs.”

- A phenomenon with particular negative effects in the personnel capacity optimization and substantial expenses plan is generated by the rigid legislative system of remuneration and material stimulation. The effort of a unit to optimize/reduce the amount of personnel and that has, as an effect, the accomplishment of some wage and material expenses savings is not indemnified with wage incentives for the activities’ volume increase as an employee. The headmaster or the didactic assembly cannot decide/modify, in the standardization system, nor remunerate (in terms of wages) the ones that bring additional incomes to the unit and/or assume increased professional responsibilities.

In my opinion, one of the exceeding the underfunding phenomenon of the school and wage level growth of the educational personnel way is represented by *the improvement of the financing, standardization and remuneration system*. The steps in improving this system must be substantiated on a set of flexible and permissive legislative provisions that ensure, *in the financing system department*, the following:

- The budgetary effort of the state for personnel expenses, respectively, the part of the VAT allocated for these expenses to ensure the minimum remuneration limit of the personnel from schools.
- In the local budgets, alongside the funds for material, capital and pecuniary expenses for the schools, personnel expenses funds to be provided also.
- In the school budgets, funds for remuneration expenses from their own incomes, incomes obtained from providing educational services (professional conversion, additional pupil training), production, from the accomplishment of some external, national or local financing, from the exploitation of the unit’s patrimony (the

exploitation of the infields, of the activities accomplished in relation to other partners, tenancies, contributions <to this end> of the parent committees).

- The introduction, in the county councils budgets, of some funds for stimulating the wages of the personnel from the schools situated in localities with a lowered economic potential.
- The possibility of the differentiated remuneration of the teachers, depending on the following: the results obtained in the classroom and educational activities, concomitant with the professional and extracurricular performances of the pupils, the prestige and performances of the school, the amount of students in study groups, the volume of the didactic norm established by an individual employment contract.
- The remuneration level of the headmasters to be substantially increased.

The current remuneration and standardization level of the headmasters is far from creating the necessary conditions that would determine the best to occupy this important management position.

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