

# The Impact of the Human Resources on the Romanian Court of Accounts' Performance

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This article analyzes the human resource management of the Supreme Audit Institution of Romania, the Romanian Court of Accounts. The paper mostly analyzes the status and the development of the specialized personnel of the institution, represented by the external public auditors in the period 2010-2015. It also addresses the link between the quality control system and the human resources existing in the institution.

**Keywords:** management, human resources, audit, Romanian Court of Accounts, INTOSAI, quality control, performance

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## 1. Introduction

The Romanian Court of Accounts is a public authority of constitutional rank, which aims is set out by article 140 par. (1) of the Romanian Constitution, which provides: "Art. 140 (1) The Court shall exercise the control over the formation, administration and use of the financial resources of state and public sector ... », thus representing the supreme audit institution and control of the Romanian state.

The primary role of any Supreme Audit and Control Institution is to provide assurance to the Parliament that the state funds were used appropriately and in purposes established under the law. The Supreme Audit and Control Institutions were organized to best meet the national specific requirements and even to integrate into the institutional organisation, culture and traditions of each country and the types of the activities conducted took into account the nature and extent of the mandate given by law.

The main organizations that define this professional system at international level are the International Organization of the Supreme Audit Institutions (INTOSAI) and the European Organisation of Supreme Audit Institutions (EUROSAI) that promotes the objectives of INTOSAI at regional level, together with the six other regional organizations constituted by geographic areas (AFROSAI, ASOSAI, ARABOSAI, OLACEFS, PASAI).

The International Organization of Supreme Audit Institutions (INTOSAI) managed to synthesize this general world context into the motto ***Unity in Diversity***, referring to the unity of its members despite to the diversity of the way of organizing and functioning of them.

**INTOSAI** is an autonomous, independent, apolitical and non-governmental organization, established in 1953 at the initiative of the President of SAI Cuba (Supreme Audit Institution of Cuba), initially with 43 members and currently reaching 192 permanent members and five associate members. One of the strategic objectives of this international cooperation framework is the development of uniform professional standards (Auditing Standards, Methodological Norms, Guides, Manuals, etc ...) in the control and audit of public finances through which to ensure a uniformity and harmonization of how such activity is conducted around the Romanian Court of Accounts, as the supreme audit institution, is a member of INTOSAI and EUROSAI, contributing by its experience in the development of the external public audit.

The Romanian Court of Accounts is organized as a collegiate body, consisting of 18 counsellors of accounts appointed by the Romanian Parliament for a term of 9 years, which cannot be extended or renewed. The executive management is ensured by the Court of Accounts' President and two Vice-Presidents.

The Court's staff is composed of specialized personnel (external public auditors, performing the Romanian Court of Accounts' specific activity of audit and control), public servants and contractual staff.

Together with the Romanian Court of Accounts is working the Audit Authority for external funds granted to Romania in the accession period, as well as the funds granted to Romania's post-accession, as a Member State of the European Union. The Audit Authority is headed by a president and two vice presidents, members of the Romanian Court of Accounts' Plenum.

In terms of organizational structure, the Romanian Court of Accounts includes a central structure (12 departments led by a counselor of accounts), 42 County Chambers of Accounts (which provide audit and control at the local level) and 8 regional audit offices (territorial structures of the Audit Authority).

The specific activity carried out by the Romanian Court of Accounts is represented by three types of audits under the Regulation on the organization and carrying out the specific activities of the Court of Accounts, and the documents resulting from these activities:

**a. compliance audit (control):** activity designed to verify and monitor whether the management of public and private patrimony of state and administrative-territorial units and also whether the execution of revenue and expenditure budgets of the controlled entity are consistent with the purpose, objectives and tasks set out in the regulations by which the entity was founded and whether it complies with the principles of legality, regularity, economy, efficiency and effectiveness;

**b. financial audit:** activity which seeks whether the financial statements are complete, accurate and in compliance with laws and regulations and whether the governance of public and private patrimony of state and administrative-territorial units and the implementation of revenue and expenditure of the audited entity are in accordance with the purpose, objectives and tasks set out in regulations by which the entity was founded and the compliance with the principles of legality, regularity, economy, efficiency and effectiveness, while providing an opinion to this effect.

**c. performance audit:** an independent evaluation of the way that an entity, program, project, process, activity or operation works in terms of economy, efficiency and effectiveness".

## 2. The evolution of the Romanian Court of Accounts' human resources during 2010-2015

The specialized personnel of the Romanian Court of Accounts consists of external public auditors. They perform the specific activity of the institution, the external public audit of public funds.

According to art. 2 of the *Statute of the Romanian Court of Accounts' external public auditor* "The external public auditor fulfills a public interest career, with a special status conferred by the level and complexity of the tasks and the responsibilities, risks, incompatibilities and prohibitions arising from implementation of the Law no.94/1992, republished, and from the Romanian Court of Accounts' regulations developed under the law."

The complexity of public external auditing function is given, first, by the uniqueness of this function, the external public auditors of the Romanian Court of Accounts being the only ones performing the external audit of public funds in Romania.

At the Romanian Court of Accounts level there are some norms that are designed to regulate the status, the behaviour and their professional training: the Status of the Romanian Court of Accounts' external public auditors, the Code of the Professional Conduct and Ethics of the Romanian Court of Accounts' personnel, a human resources strategy and a training program (multi-annual and annual). The human resources have the most important role in the development of an organization. An adequately trained human resources and a proper motivation can lead to a significant increase in overall organizational performance.

According to art. 24 para. 4 of the *Statute of the Romanian Court of Accounts' external public auditor*, "The continuous training of the external public auditors is achieved through a multi-annual program of continuous training, detailed by the annual programs approved by the Plenum so that each external public auditor to benefit from at least 40 hours of training annually. "

Thus, each external public auditor is required to attend training courses at least once a year to update their professional knowledge and of best practices in external public audit.

Practical training of the external public auditors is a good practice taken from the international practice that is found in the INTOSAI standards.

The training of the Romanian Court of Accounts' specialized personnel is performed in special training centers spread across the country. Thus, within the institution there are 12 training centers in Argeş, Bihor, Brăila, Bucharest, Buzău, Cluj, Constanta, Galati, Iaşi, Sibiu, Suceava and Timiş. During

these seminars, the training is provided both by trainers within the Court and by external trainers (specialists who provide training in the activity area of the Romanian Court of Accounts).

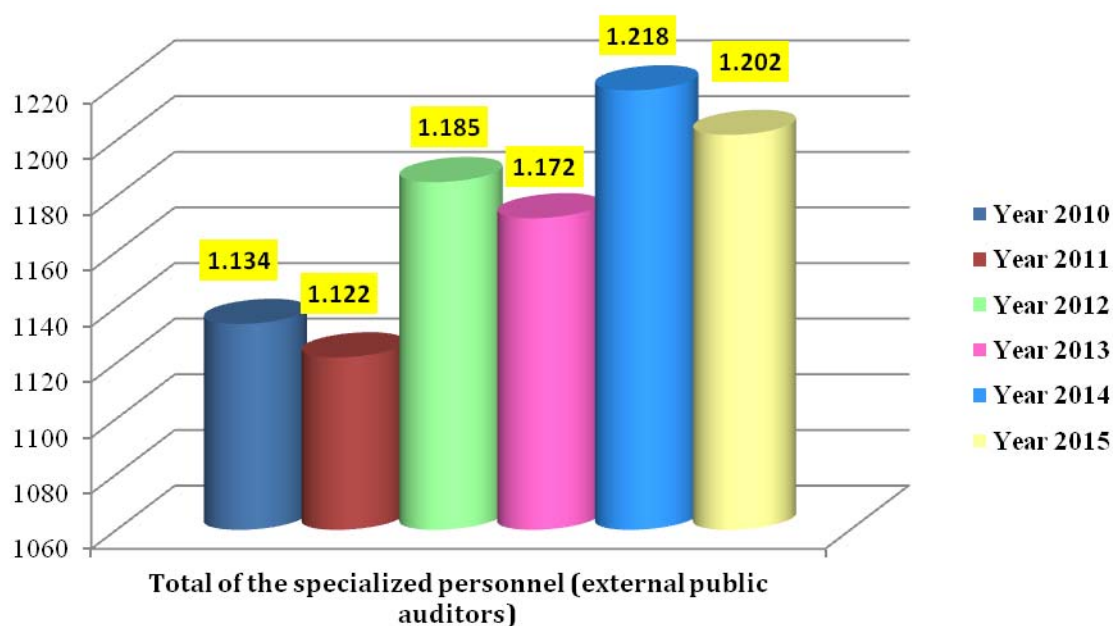
The number of the external public auditors of the institution has evolved from one year to another. The status of the specialized personnel evolution within the Romanian Court of Accounts during 2010-2015 is as follows:

**Table no. 1 The evolution of the number of specialized personnel during 2010-2015**

Year	Total of the specialized personnel (external public auditors)
2010	1134
2011	1122
2012	1185
2013	1172
2014	1218
2015	1202

*Source: The Romanian Court of Accounts' activity reports, years 2010 -2015*

**Graph no. 1 The evolution of the number of specialized personnel during 2010-2015**



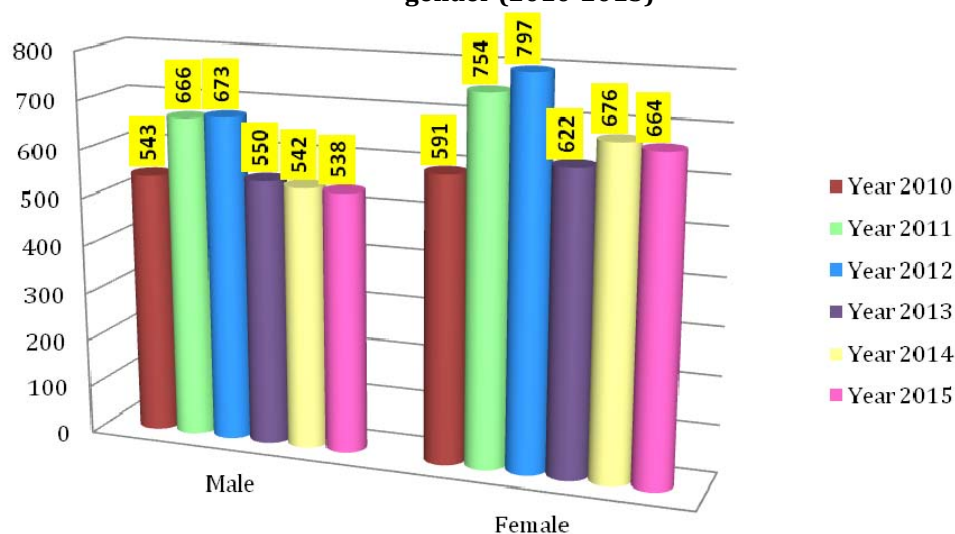
*Source: The Romanian Court of Accounts' activity reports, years 2010 -2015*

The evolution of the human resources in the past 6 years, in terms of gender distribution, is as follows:

**Table no. 2 The distribution of the human resources at the Romanian Court of Accounts by gender (2010-2015)**

Year	Male	Female
2010	543	591
2011	666	754
2012	673	797
2013	550	622
2014	542	676
2015	538	664

Source: The Romanian Court of Accounts' activity reports, years 2010 -2015

**Graph no. 2 The distribution of the human resources at the Romanian Court of Accounts by gender (2010-2015)**

Source: The Romanian Court of Accounts' activity reports, years 2010 -2015

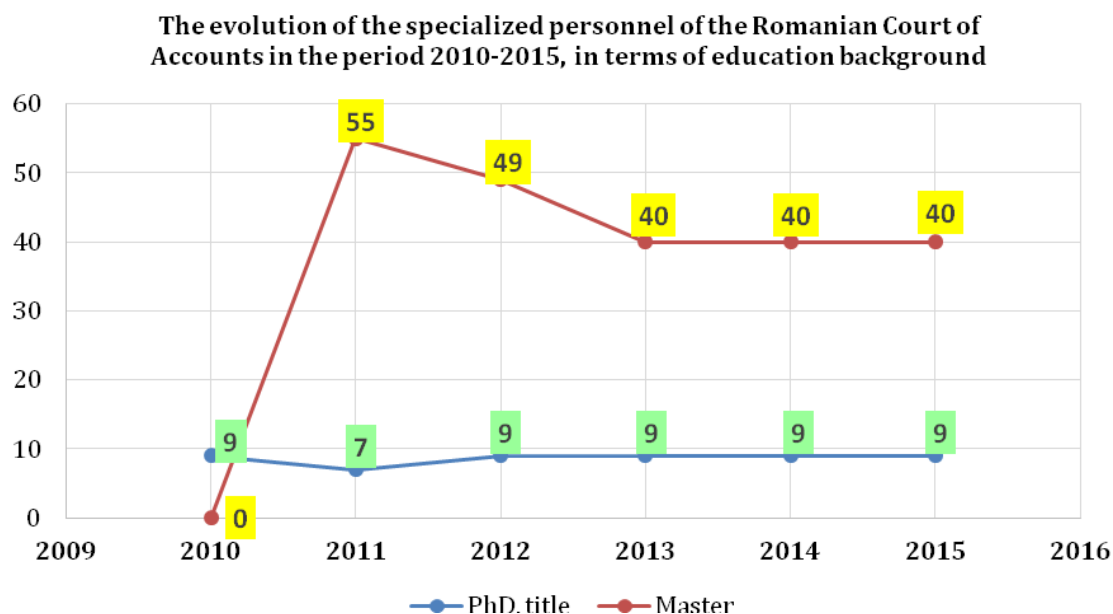
Analyzing the data above, we observe that the number of men is relatively equal to the number of women in the period under review, highlighting that the Romanian Court of Accounts applies a policy of equal opportunities between women and men.

In terms of education background, referring strictly to master and doctoral studies (given that, according to Art. 5 para (3) of the *Statute of the Romanian Court of Accounts' external public auditor*, in order to be placed in a position of external public auditor it is needed higher economic education), the situation of the specialized personnel at the Romanian Court of Accounts is as follows:

**Table no. 3 The evolution of the specialized personnel in the period 2010-2015, in terms of education background (%)**

Year	PhD. title (%)	Master (%)
2010	9	43,7
2011	7	55
2012	9	49
2013	9	40
2014	9	40
2015	9	40

Source: The Romanian Court of Accounts' activity reports, years 2010 -2015

**Graph no. 3 The evolution of the specialized personnel in the period 2010-2015, in terms of education background (%)**

*Source: The Romanian Court of Accounts' activity reports, years 2010 -2015*

Analyzing the data presented above, it is observed that during those six years, the specialized personnel evolution for the studies completed is relatively constant, with the exception of 2011 where there is an increase in the number of public auditors who hold a PhD. in various areas.

In terms of languages known by the external public auditors, the most commonly used are English, French and German, followed by other languages such as Spanish and Italian.

### 3. The quality control system of the Romanian Court of Accounts' specific activities

Within the Romanian Court of Accounts, the activity of quality assurance is carried out in two stages: first, it is performed during the specific activities of the Court of Accounts, and in the second stage is carried out after the completion of specific activities, at the compartment assessing the specific activities of the Court of Accounts.

The evaluation of the activities' quality of control / audit carried out by the structures of the Romanian Court of Accounts is based on the provisions of section 452 of the "Regulation on the organization and activities specific to the Court, and the documents resulting from these activities" and paragraph 1.6 of the "Standard on quality assurance and control in auditing" from the Romanian Court of Accounts' Audit Standards.

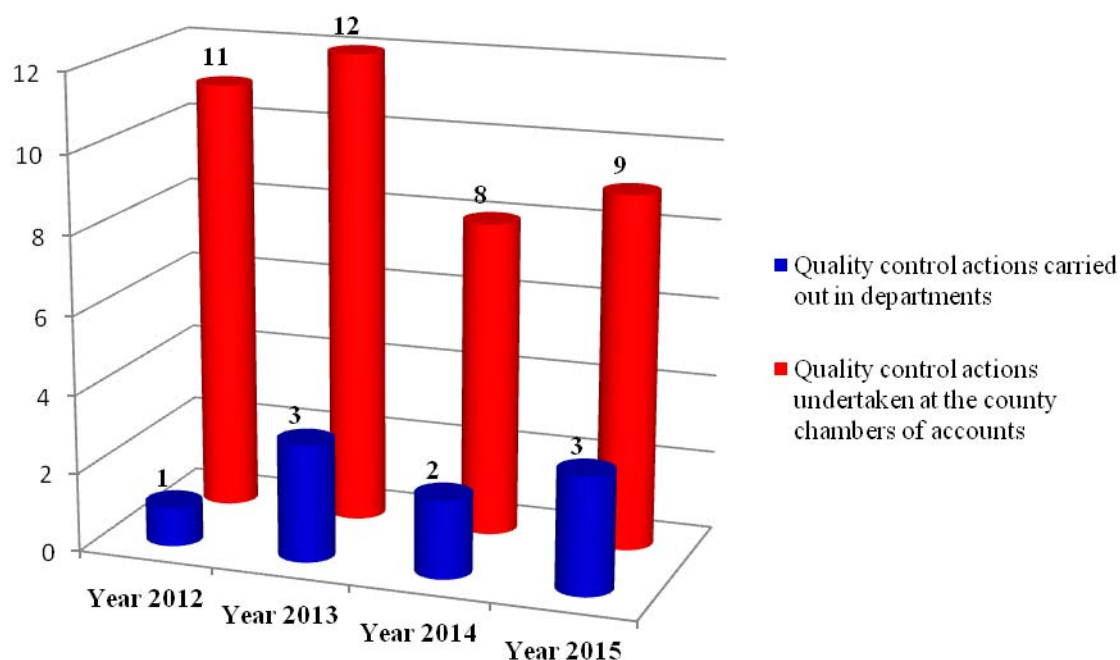
The purpose of this type of evaluation is to ensure continuous high quality output of the quality of the Romanian Court of Accounts' specific activities.

In the period 2012-2015 there were conducted quality control activities, as follows:

**Table no. 4 Quality control activities undertaken at the Romanian Court of Accounts\***

No.	Year	Quality control actions carried out in departments	Quality control actions undertaken at the county chambers of accounts	TOTAL
1	2012	1	11	12
2	2013	3	12	15
3	2014	2	8	10
4	2015	3	9	12

\*Data available for 2012-2015

**Graph no. 5 Quality control actions undertaken at the Romanian Court of Accounts**

*Source: The Romanian Court of Accounts' activity reports, years 2010 -2015*

Analyzing the data in the table, we can observe that the activity of quality control of the specific activity of the Romanian Court of Accounts for 2012-2015 took place mainly at the local chambers of accounts, most of the activities taking place in 2013, respectively 15 activities.

This activity is conducted by the assessment compartment established and based on an inspection program approved annually by the executive management and approved by the Plenum of the Romanian Court of Accounts. This program is designed to ensure the assessment of each structure of control/audit at least once every 5 years, but can be made also ad-hoc inspections ordered by the management of the Romanian Court of Accounts.

#### **4. The performance evaluation system of the Romanian Court of Accounts**

In 2014, the Romanian Court of Accounts introduced experimentally the "Performance Evaluation System of the Court of Accounts", which seeks regular analysis of how control and audit activities are realized and distributed, in order to identify the strengths and weaknesses that appear in the activity of the specialized personnel (external public auditors) and to find solutions that can improve the Court of Accounts' performance and public financial management of the examined entities.

One of the most important indicator used is "Opinion of the examined entities' management on the quality of the audit performed by the Court of Accounts and its impact on the examined entities, as well as on the compliance by external public auditors with ethical principles and values" by which the Romanian Court of Accounts has implemented a provision of the ISSAI 30<sup>111</sup> Standard – INTOSAI Code of Ethics, according to which the Supreme Audit Institutions (including the Romanian Court of Accounts) should obtain information about the stakeholders<sup>112</sup> perception of the independence and impartiality of the external public auditors during audit and control.

The information are obtained through questionnaires that are sent electronically to all audited entities, after the completion of the audit and control actions. Subsequently, this information is used to express and measure this indicator.

<sup>111</sup> ISSAI – International Standards of the Supreme Audit Institutions

<sup>112</sup> The stakeholders are the Parliament, the Government, the public entities, the public opinion, etc.



According to the Romanian Court of Account annual activity report for 2014, more than 2,600 questionnaires were sent, which were received 1,100 responses (41%). Most of the audited entities that provided answers to these questionnaires (71%) felt that the relationship between them and the Romanian Court of Accounts as «very good».

#### Graph no. 6. The relationship between the auditees and the Romanian Court of Accounts

**The relationship between the auditees and the Romanian Court of Accounts**



#### 5. Conclusions

The human resources development has become a priority for all organizations, both for the public system and those in the private sector. This development is achieved through investment in human capital, the most important resource for an entity.

The Romanian Court of Accounts, as a supreme audit institution in Romania, has an unique mission: to conduct the external public audit of public funds. This particular mission requires a certain degree of responsibility with regard to this activity. This responsibility involves a certain quality of its results, which automatically implies a professional well-trained human resources. From the data presented, it appears that external public auditors of the Romanian Court of Accounts have a strong professional background, resulting both from the graduation of higher education (Masters and PhD), as well as individual personal training.

The Romanian Court of Accounts, in order to ensure adequate human resources, contributing to the prestige of the institution, is focusing particularly on the recruitment, and the training of its personnel, respectively, external public auditors. This training contributes to the development of specific skills required particularly in external public audit work.

Regarding the overall performance of the institution, there must be a close connection between the training of specialized personnel, quality control assurance of the specific activities of the Romanian Court of Accounts and the system of performance indicators.

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