

THE GOODWILL OF THE FINANCIAL AUDITORIUM

PhD. MOLOCINIUC (HRITCAN) Mărioara, GROSU Veronica

Stefan cel Mare University of Suceava, 720229, Romania

E-mail: hritcan_SV2015@yahoo.com

E-mail: veronica.grosu@usm.ro

Abstract. This article aims to highlight the importance of the statutory auditor. The value provided by the statutory auditor in an audit engagement is much more substantial than at first glance. The company's image is reflected in an audit report and through a positive opinion it brings respect, prosperity and trust both economically and socially. The auditor offers perspectives and open doors to investors, creditors and collaborators and internally contributes to transparency, accountability and dedication. In order to be able to give credibility to the audit report, we need to know very well who prepares it, what is the level of training and experience required, what are the appropriate skills and competencies to practice this profession. Through a research on the conditions imposed by the legislation as well as on the route that a financial auditor must go to acquire this quality, I will highlight the auditor's professionalism as well as the value it brings to the audited entity.

Keywords: statutory audit, audit mission, goodwill, credibility, prudence.

JEL Classification: M42

Introduction

Numerous financial scandals around the world over time have shown us the significance of financial information provided by auditors to capital market stakeholders and beyond. Thus, information is a real power factor, a determinant that directly influences the thinking of a nation. For a country's economy, accounting information is the most important source of reference. The quality of information presented by professionals leads to the avoidance of multiple crisis phenomena, the more real, relevant, and timely it is provided, the more it is possible to achieve the overall objectives of the various organizations and to provide accurate information.

In order to be able to understand the information provided in the audit report and to extract its essence, we must first understand who the auditor is, what his responsibilities are and what conditions must be taken into account when using the services provided by him. The quality of information increases with the qualitative value of the auditor, the professional training must be current and constantly evolving to convey trust and credibility to both the audit client and the interested public. Accounting has changed due to external influences, the desire to reach a common denominator in terms of annual financial statements so that they are as easy to understand for foreign investors and not only, as well as to avoid errors or fraud led to imposing new rules and regulations.

Thus, the auditing profession has undergone changes and transformations, the requirements and responsibilities being more and more substantial because it is a true communicator of relevant accounting information, being in the middle of the action. We can liken the financial auditor to the memory functions by the fact that he *receives* the information from the audit client and then *processes* it by verifying it using specific audit procedures and then *storing* it by preparing worksheets, finally updating the information by summarizing errors found as well as by hot review and finally to distribute the information to the interested public through the audit report. Law 162 of 2017 comes with numerous changes in this profession which makes the topic chosen for this debate exciting and captivating for different readers.

Debates from the specialized literature

Toma M. (1995) presents the audit as the professional examination of information in order to express a responsible and independent opinion, by reporting to a (standard) quality criterion²⁵. Ioan Oprean (1997) as well as other authors from the country and abroad defined the audit activity as the professional examination of information in order to express a responsible and independent opinion in relation to a quality criterion²⁶. Ana Morariu and Eugeniu Țurlea (2001) present financial auditors as producers and users of accounting information, through high-class professionals who assume responsibility for certifying that financial statements are prepared, in all material respects, in accordance with National and International Accounting Standards²⁷. Loebbecke A. (2003) presents in his paper "Auditing consists in collecting evidence on information, in order to determine and report the degree of compliance of that information with a series of predetermined criticisms. The audit should be carried out by a competent and independent person."²⁸ On the other hand, Floarea I. et al. (2005) show us that the auditor is a professional, because he knows very well the activities and information that are the subject of his examination and is equally good at mastering audit practices and procedures. The professional nature of the examination is also emphasized by the existence of professional organizations which have the right to issue rules and control their application.²⁹ At the same time, Alexandru Rusovici (2008) describes that the area of action of accounting and financial audit is no longer limited only to the verification of accounting reflection, analysis and control of economic and financial activity but operational and prospective aspects of the enterprise are taken into consideration. Increasing interest in strategic activities, accompanied by the reorganization of operational processes, which make full use of access and utilities of information systems and new technologies, as vectors of change³⁰. He also states that the financial auditor must operate in accordance with the provisions of the Eighth Directive of the European Union as well as in accordance with International Standards on Auditing (ISA).

The external auditor tries to successfully respond to the needs of the entities, by increasing the quality, quantity and circulation of information in the environments of users' interests. The prospect of change causes loss of benchmarks, uncertainty, stress and frustration among professionals and can be seen as a crisis or an opportunity. In the face of a new way of working, reactions of fear and rejection are normal and we need to give them time to express themselves, release past attachments and focus on new projects.

The need to form a functioning European institution, to adapt a single currency, as well as compatible legislation at Member State level has led to new rules in the audit area as well. Multinational companies are required to report in accordance with European standards and are required to use an external audit to certify and bring more confidence to users. In order to reach a common expression and to be able to compare these financial statements, to be able to measure their performance, numerous transformations in both accounting and auditing have been necessary. Principles and rules have been implemented so that the clear, correct and faithful image is rendered and can be understood by the interested public.

Starting with 2007, a year with an impact on Romania from all points of view, I want to highlight and analyze the main elements that took place in the development of the audit profession. An additional

²⁵ Toma M.,(1995).Norme de audit financiar și certificare a bilanțului contabil, Editura CECCAR, București, p.7.

²⁶ Munteanu V.,(2003). *Control și audit financiar-contabil*, Editura Lumina Lex, București, p468.

²⁷ Munteanu A., Țurlea E.(2001). *Audit financiar contabil*, Editura Economică, București, p. 7.

²⁸ Loebbecke A.,(2003). *O abordare integrată*, Editura ARC, ediția a 8-a, București, p.11.

²⁹ Floarea, I., Macovei, I.C., Floarea, R.Berheci, Maria,(2005). *Introducere în expertiza contabilă și auditul financiar*, Editura C.E.C.A.R., București, p.100.

³⁰ Rusovici A., Farmache S., Rusu G.,(2008). *Manager în activitatea de audit*, Monitorul Oficial R.A., București, p.19-20.

consideration for the proposed research is the "new law" as it is also called by specialists *Law 162* published in the Official Gazette no. 548/12.07.2017 which comes with many new elements for the audit profession but also for large companies, which have the obligation to report the financial statements in which the audit report is included.

Research methodology: The topic is strongly debated at the academic level and in specialized publications, analyzing the impact brought by Law 162/2017 from different angles. By conducting a longitudinal study on the changes brought about the external audit in Romania, out of the desire and the need for harmonization at the level of the European Union, I will emphasize more the research topic as well as the debated topics..

The main objectives are:

- Identifying the main movements brought in the evolution of the financial audit;
- Identifying the main commitments of the statutory audit according to Law 162/2017;
- Goodwill of the financial auditor;
- Presentation of conclusions.

The main research questions are correlated with the research objectives:

1. Why was the change in the audit profession necessary?
2. Who is the statutory auditor?
3. What is the role of the statutory auditor?
4. What are the conditions for exercising the statutory audit profession?

The influence of the reform on the audit reporting is substantial as well as the work of the financial auditor, the ultimate goal is to certify the financial statements to provide confidence and comfort to stakeholders. In order to understand the final result of the auditor, respectively the audit report we need to know who the auditor is, how he was formed and what is the value he offers us. Therefore, the mission of this research is to form a complete and correct picture of the financial / statutory auditor. We cannot know the true value of the audit report if we do not know who prepared the report and under what conditions.

The impact of the European Union on the profession of financial auditor in Romania

Starting with 2007, the year in which Romania joined the European Union, it was forced to adopt the legislation and regulations of the audit profession at the level of the European Union. The main concern for the European Commission was the implementation of Directive 43/2006/EC which was adopted in Romania by Government Emergency Ordinance no. 90 of 2008 and concerning the statutory audit of annual and consolidated annual statements, the establishment of CPSSAA (Council of Public Supervision of Statutory Audit Activity) which has the role of supervising the activity of the profession, by granting the right of practice to professionals and their continuous training as well as public oversight of the audit process. Through it, the statutory audit activity has been improved and, consequently, the credibility of the profession as well as of the audited financial statements has increased.

As a single framework for the audit profession in Europe, the implementation of the directive leads to the establishment of the credibility of audited accounts, the prevention of conflicts of interest of auditors and the increased protection of the Union against financial scandals such as those registered at Enron³¹.

³¹Munteanu V.,(2020), *Auditul financiar-contabil*, Editura Universitară, București, p.57.

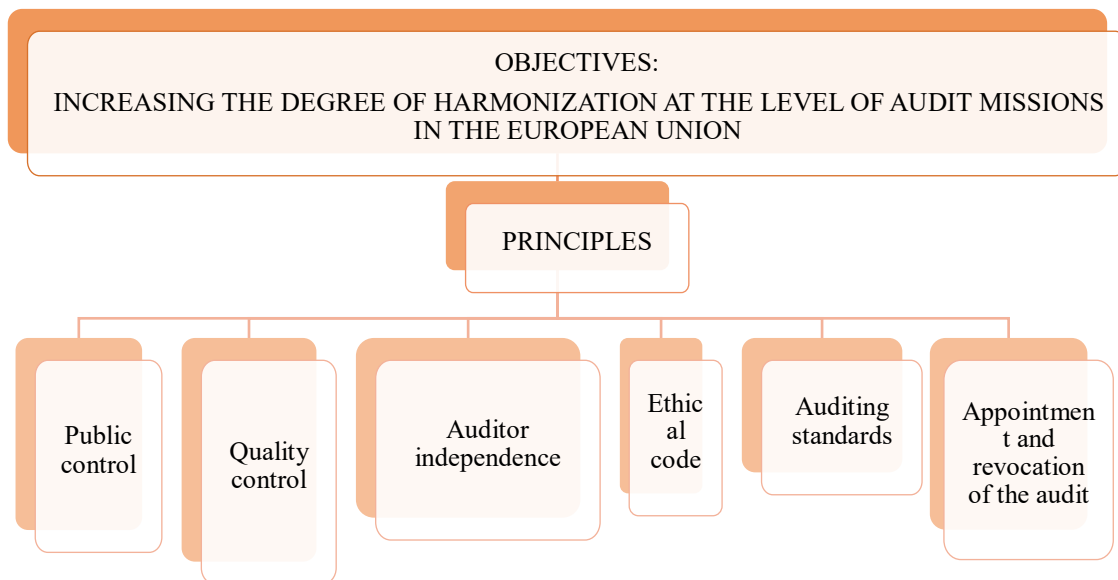


Fig.1. Objectives of Directive 43/2006/CE
Source: Author's contribution

On April 16, 2014, *Directive 56* of the European Parliament and of the European Council, amending Directive 43 on the statutory audit of consolidated annual financial statements, entered into force. At the same time, *Regulation 537* sets out the specific requirements for the statutory audit of public-interest entities as well as the repeal of Commission Decision 909/2004/EC³². They focus on skills and increasing independence and professional accountability to users of financial information.

On July 12, 2017, it was published in the Official Gazette no. 548 “the new law” as it is also called by experts, Law 162 transposing Directive 56 and Regulation 537, presenting itself as the Single Framework for the statutory audit profession in Europe. Thus, the CPSSAA (Council of Public Supervision of the Statutory Audit Activity) was transformed into APSSAA (Authority for the Public Supervision of the Statutory Audit Activity).

Order no. 662 of 18.02.2019 on approving the adoption of the Code of Ethics for Professional Accountants, 2018 edition, developed by the Council for International Standards of Ethics for Accountants (IESBA) of the International Federation of Accountants (IFAC) provides some restrictions in statutory audit missions to entities of public interest and not only, issued by the President of the Authority for the Public Supervision of the Statutory Audit Activity³³.

Improving the financial audit activity in Romania

According to Law no. 162/2017 the competent authority in the delegation and organization of the statutory financial audit activity is the Authority for Public Supervision of the Statutory Audit Activity (APSSAA). Its role is to supervise the activity of financial/statutory auditors as well as audit firms. The statutory audit is performed only by auditors and audit firms that are authorized/authorized in Romania under Law 162, which are registered as members of the Romanian Chamber of Financial Auditors, hereinafter referred to as CAFR, under the law, and which are registered in the Register electronic public provided under the conditions established by law and by APSSAA regulations³⁴.

In order to be able to exceed the profession of financial auditor in addition to the conditions imposed by law, good reputation is paramount. The conditions for access to the profession are the following:

³² Păunescu M., Radu G., *Misiuni de asigurare și nonasigurare, altele decât cele de audit financiar*, Editura CECCAR, București 2019, p. 19.

³³ Order No. 662/18.12.2019

³⁴ Law 162/2017.

ISCA 2021

Table 1. Stages in the development of the financial auditor profession

Access to the profession	<ul style="list-style-type: none"> ➤ are graduates of a higher education institution or have an equivalent level; ➤ attended a theoretical training course organized or recognized by APSSAA; ➤ have completed a practical training course, in accordance with the provisions of the law; ➤ passed the professional competence exam, organized or recognized by APSSAA.
Professional skills exam	<p>The exam is organized by the APSSAA management and covers the following areas:</p> <ul style="list-style-type: none"> ➤ general accounting theory and principles; ➤ legal requirements and standards regarding the preparation of annual and consolidated financial statements; ➤ international accounting standards; ➤ financial analysis; ➤ cost and managerial accounting; ➤ risk management and internal control; ➤ audit and professional skills; ➤ legal and professional requirements regarding the statutory audit and financial auditors; ➤ international audit standards; ➤ professional and independent ethics. ➤ insolvency law and other similar procedures; ➤ fiscal legislation; ➤ Civil Code; ➤ legislation on social insurance and the Labor Code; ➤ information technology and computer systems; ➤ public finances, general and business economy; ➤ mathematics and statistics; ➤ basic principles of financial management
Audit internship	<p>The practical training course will take place over a period of at least 3 years and will include:</p> <ul style="list-style-type: none"> ➤ Participation in the statutory audit missions performed by the coordinating financial auditor, the mentor who is authorized in Romania by APSSAA or in another Member State or within an audit firm authorized in any Member State. ➤ The quality of employee of the trainee in the financial audit activity within an audit firm does not exonerate him from fulfilling the obligations incumbent on him through the quality of trainee. ➤ A practice contract of at least 3 years must be concluded with the coordinating financial auditor / APSSAA certified mentor; ➤ The internship in the financial audit activity involves both theoretical instruction of the trainee and practical training; ➤ APSSAA organizes for the trainees theoretical training courses in which the trainees are obliged to participate; ➤ The trainee has the obligation to perform at least 480 hours / year of practice in financial audit, and 50% of them must be performed in the statutory audit activity;
Profession entrance exam	<p>The areas from which the knowledge test for access is taken shall be determined by APSSAA each year.</p>
Electronic public register	<ul style="list-style-type: none"> ➤ Registration of financial auditors <ul style="list-style-type: none"> • name, address and individual registration number; • the name, address, website, if applicable, and registration number of the audit firms to which the financial auditor is employed or with which he is associated as a partner or in any other way, if applicable; • information on all other registrations as a financial auditor at the competent authorities of other Member States and / or other third countries, including the names of the registration authorities and, where applicable, their registration numbers. ➤ Registration of audit firms <ul style="list-style-type: none"> • name, address and individual registration number; • legal form; • contact information, the main contact person and, where applicable, the address of the website; • the address of each office opened in Romania; • the name and registration number of all employed financial auditors, associated as partners or otherwise with the audit firm; • the names and professional addresses of all shareholders or associates; • the names and professional addresses of all members of the administrative or management body; • where applicable, membership of a network and a list of the names and addresses of member and affiliated companies or an indication of where this information is publicly available; • information on all other registrations as an audit firm to the competent authorities of other Member States and as an audit entity with third countries, including the name and address of the registration authority and, where applicable, the registration numbers.

Continuing education	<ul style="list-style-type: none"> ➤ The obligation of the financial auditors to participate in adequate programs of continuous professional development, organized by APSSAA; ➤ Non-compliance with the requirements regarding continuous professional training constitutes an administrative violation and is sanctioned according to the provisions. ➤ The President of APSSAA approves regulations in application of this article.
----------------------	---

Source: Author's contribution/2021 according to Law 162/2017

As we can see in the table above, the road to the profession of financial auditor is long and with many obstacles. Vocational training as well as continuing education are the key to success in this profession, as trends towards development and innovation are in a continuous process of evolution.

Definitions regarding the financial/statutory audit

The profession of financial auditor is already established, the audit work is commissioned by banks, shareholders and the state with the aim of certifying the financial statements by avoiding fraud and accounting errors. The certification provided by the auditor confirms that the accounting rules and principles are observed as well as the rendering of a transparent image on the patrimony of the audited entity. The concept of audit has been refined, naturally moving away from the creation of an independent field, with its own objectives, but also with specific methods and techniques, whose utility is to ensure the achievement of audit quality. On the other hand, as in any other field based on economic and / or social, their purpose, as well as the means and techniques used are in a continuous evolution and adaptation to existing environmental changes, which implies a continuous professional training from the auditors³⁵. At the level of the European Union it was necessary to transpose the legal provisions regarding the audit into the national legislation. Thus, according to Law 162/2017, the statutory audit is characterized by:

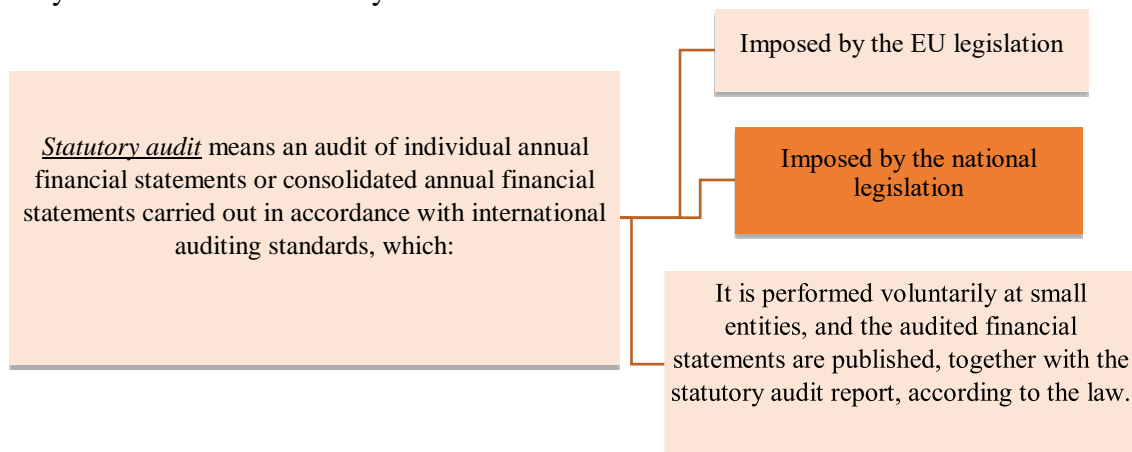


Fig.2.:Elements of the statutory audit

Source: Author's contribution

As we can see, the first element specific to the statutory audit is that it certifies the entire set of annual financial statements so that they are published together with the audit report for the interested public, bringing more confidence for stakeholders.

³⁵Munteanu V.,(2020), *Auditul financiar-contabil*, Editura Universitară, București, p.38.

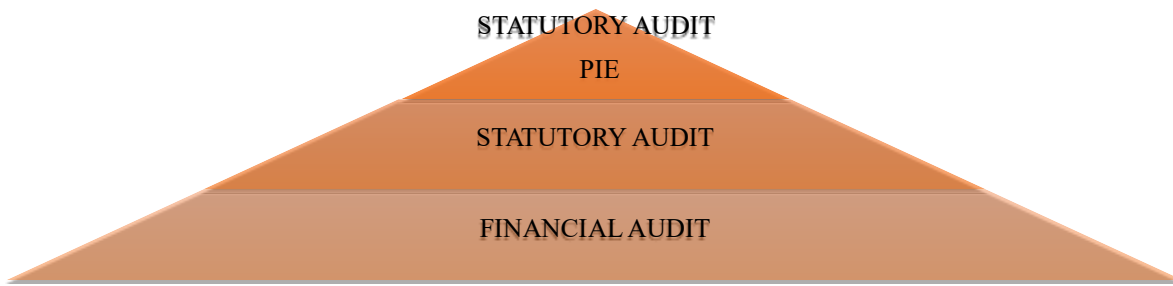


Fig.3. .The financial audit pyramid
 Source: The author's contribution

The complete set of financial statements depends on the size and activity of the company. For PIE (Public Interest Companies) companies, the audit of financial statements is “required by EU law”, they are particularly important entities with a major impact on users, which is why certain restrictions are also required regarding their audit (Regulation 537/2014). This audit is listed as being of the highest standard, placed at the top of the pyramid in the exercise of the profession, for which additional information is required both at the level of the mission and at the level of the structure and content of the audit report. In order to be able to carry out such missions, professional skills at a higher level, good years of professional experience as well as APSSAA accreditation are required. Statutory audit assignments impose stricter rules regarding the independence of the auditor as well as his objectivity, rotation of members as well as restrictions on non-audit services. ISA 210 provides guidance on the degree of acceptability and ISA 800 (revised) deals with the specific arguments for the financial statements prepared in accordance with a special reporting framework.

At the second level of the pyramid there is the statutory audit "imposed by national law", which complies with the Auditing Standards (ISA) and the Code of Ethics for Professional Accountants developed by the IAASB, but without so many restrictions imposed to it. It is located in the middle of the pyramid in the exercise of the financial audit profession, because it is required for certain companies, those that exceed two of the three criteria. The complexity of the mission and reporting requirements are not at the level of PIE, but they are also very strict in terms of the auditor's independence from the audit client as well as in terms of non-audit services. It must be independent of the audit client and cover financial information for a financial year. It uses an ongoing documentation process, which is based on all relevant customer information, in which it aims to obtain sufficient adequate and credible evidence to express an opinion designed to increase the confidence of the users concerned.

The targeted users can be: existing and potential shareholders, creditors, the state, the management of the entity, employees or any person willing to invest or collaborate with the company and is interested in its real state. The auditor, by issuing the audit report and through its independence, creates balance, confidence as well as credibility that the financial statements are correctly prepared, in accordance with the legislation in force. The comfort offered by the auditor to the interested public increases with the quality of the information provided and presented in the audit report. The purpose of the financial / statutory audit is to procure audit evidence to confirm the qualitative aspects of the financial statements.

The auditor's opinion on the financial statements deals with the extent to which the financial statements are prepared, in all material respects, in accordance with the applicable general financial reporting framework. Such an opinion is common to all audits of financial statements. Therefore, the auditor's opinion does not ensure, for example, the future viability of the entity or the efficiency or effectiveness with which management coordinated the entity's work. However, in some jurisdictions, applicable laws or regulations may require auditors to express their views on specific issues, such as

the effectiveness of internal control or the consistency between a separate management report and financial statements.

Although ISAs contain provisions and guidance on such matters, insofar as they are relevant to the formation of an opinion on the financial statements, the auditor should perform additional activities if the auditor has additional responsibilities for expressing such opinions³⁶.

The last feature encountered in the definition of the statutory audit is that "It is performed voluntarily at small entities, and the audited financial statements are published, together with the statutory audit report, according to the law." This option did not exist in Directive 42/2006, according to law 162/2017 companies that do not meet the size criteria for compliance with the audit can do so optionally, provided that they comply with the required provisions, respectively to perform by a financial auditor, authorized by ASPAAS, active, as well as the publication of this report together with the financial statements.

The financial auditor is the natural person authorized in accordance with the provisions of the law by ASPAAS (Authority for Public Supervision of the Statutory Audit Activity) to perform financial audit. This is the base of the pyramid, without the necessary skills and the proper professional training cannot climb the pyramid. This category of auditors may also provide statutory audit services as defined above, but it is recommended that at the beginning of their careers they perform less complex tasks, such as review assignments, limited assurance, agreed procedures and after gaining adequate and relevant experience, move easily to the next level. The missions performed by the financial auditors as well as the main differences encountered between them are presented in table no.2.

Table no. 2. Audit missions

Insurance missions	Review missions	Insurance missions	Agreed procedures
ISA	ISRE 2400	ISAE 3000	ISRS 4400
Imposed by EU	On request / for information	On request / for information	On request / for information
Complete annual historical financial statements.	Historical/partial financial statements or certain elements	Historical / partial financial statements or certain items / for certain periods.	Historical / partial financial statements or certain elements / for certain periods.
The independence criterion is mandatory	The independence criterion is mandatory	Independence is not mandatory	Independence is not mandatory
Determination of the significance threshold	Determination of the significance threshold	Determination of the significance threshold	It is not necessary to determine the significance threshold
Continuous detailed documentation / relevant audit evidence.	Simplified documentation	Simplified documentation	Simplified documentation
High risk / litigation / contraventions Law 162/2017	Limited risk	Limited risk	Limited risk
Audit report with opinion	Audit report with conclusions	Limited insurance report	Report of findings on agreed procedures

Source: the author's contribution

The period in which we are is in a broad process of developing economic and financial reform, implementation and development of good practices worldwide is the main objective. The interposition of auditors between producers and consumers of information shows the global need to

³⁶ IAASB(2018), *Manual de reglementări Internaționale de control a calității, audit, revizuire, alte servicii de asigurare și servicii conexe*, Translation ASPAAS, București.

provide an opinion on financial statements. The positive effects on the quality of the recording as well as the reporting of the accounting information are reported in numerous studies in the literature.

The Goodwill of the financial auditor

The main characteristics that indicate the value of goodwill are those of credibility, prudence and consistency, and the financial auditor perfectly dresses these features. The goodwill brought by the auditor can differentiate important aspects between entities in the same field of activity.

The credibility of economic entities on the market is restored with the help of the financial auditor, he offers the public the certainty that the financial statements are prepared correctly, respecting the rules in force as well as the additional requirements. Without its certification many companies cannot receive loans, investors are skeptical of investing and development is stagnant. Therefore, a positive image presented by an auditor in an audit report can lead to a good social atmosphere, attract new investors, credibility from customers and creditors, a good reputation can bring new strategies for economic and social development.

Often, the management of entities associates the financial auditor only with the obligation to perform it and forgets about the benefits it offers. Through a positive report, it creates an over-value on the overall image of the audited company, the positive opinion of the auditor, expressed in the audit report can be called goodwill, a value that you cannot identify but it exists. This value can be restored only by respecting the ethical principles of the profession, by skepticism and professional reasoning, by a good reputation as well as by knowing and respecting the norms and standards in force.

Another element related to the credibility and added value offered by the auditor is that of the need to inform the main users. Often the shareholders or associates are not the ones who run the entity, creative accounting offers various operating techniques so that the accounting result is distorted. The true image, rendered by the opinion of the independent financial auditor, provides confidence and comfort for them. An important role in these situations is played by the internal auditor who, by implementing work strategies, reduces the risk to the lowest possible level.

The goodwill of the financial auditor is presented, as the theories in the literature say, from the perspective of the perception of the staff in the audited entities, in the way that they are much more attentive to the preparation of financial statements knowing that the information provided will be audited. Accounting staff are more careful about accounting principles, they better understand their role and the influence they have on the final result.

The prudence and consistency of the methods used by the auditor in an audit engagement is reflected throughout its conduct. Through the working methods used, starting from the planning of the audit in which he must be informed about the activity carried out by the audit client, the identification of risk points and the reduction of risk to an acceptable level, the choice of an appropriate significance threshold according to risk and the size of the entity, it reflects the caution with which the auditor must act. The consistency of the methods as well as their diversity, so as to help the auditor identify possible frauds is implemented throughout the mission. The crossings made between the sections highlight the overall thinking that the auditor has in his mission.

The need for financial auditors has been proven countless times, the four basic concepts that justify this are:

- Conflicts of interest between accounting information preparers (managers) and information users, respectively can cause information distortion;
- Information can have strong economic consequences for decision makers;
- Specialized expertise in the preparation and verification of information is increasingly required;

- Most of the time, users cannot assess the quality of the information themselves, in order to prevent its distortion³⁷.

The quality of audit engagements is a guarantee that an auditor will find and report irregularities in the client's accounting system, as a level of certainty for users of financial statements that the financial audit was performed in a professional and independent manner (Deangelo, 1981). According to Ardelean (2015), it takes into account the audit capacity to improve financial reporting, a low probability of receiving unqualified audit opinions for financial statements containing inaccuracies, as well as the accuracy of information reported by auditors. Auditors represent the public trust in the accounting profession being professionally employed in the public interest.³⁸ The research conducted by Robu, Grosu and Istrate (2016), Mihaila (2020), highlighted that the effect of auditors' rotation on information quality contributes significantly to the choice of relevant information on the entity's performance. The association between the duration and quality of the audit engagement made on a sample of 343 entities audited in Iran 2010 by Azizkhani (2018) revealed that limiting mandates as well as the frequent rotation of audit partners improves the performance of companies. Studies by Martinez and Moraes (2014) on the link between audit quality and audited company performance, applied to public entities in Brazil (2009-2010) argued, through clear empirical evidence, that the impact of a quality audit on company performance is positive, significant on performance.

The level of statutory audit research at global level

To present the importance of statutory audit internationally, I did a search on the platform "Web of Sciences" using the search words "statutory audit" looking for publications on statutory audit (by title), 1975 - 2020. Thus, we obtained 31 articles in this period, sorting by authors we reached 24 articles presented in the following table. Four articles are from Romania, one from 2009, the next two from 2015 and the last from 2017. The changes brought in the legislation in Romania and in the world are quite numerous, with a direct impact on the financial reports made, Law no. 162/2017 changed strong working methodology of statutory auditors. The fact that no articles are present on this platform denotes the importance of research. The study shows that the subject is present and debated in various countries after 2014, a year with new directives and rules for this profession, but a more consistent evolution is from 2017, when there were changes at the level of the profession. The articles are diverse, some address ethical principles such as independence and professional competence, others the evolution of the profession such as audit methods and techniques but the most current (2020) are in the direction of new phenomena (globalization, digitalization). The articles are presented in the following table:

Table 3. Statutory audit – articles (2014-2020)

Crt.	Name of the publication	Author	Published	Year	Country
1	Statutory audit in Slovakia - significant phenomenon of global European changes	Domaracka, Denisa; Knazkova, Veronika	19th international scientific conference Art. Number: 06006	2020	Slovakia
2	The Use of Computer-Assisted Audit Tools in Portuguese Statutory Auditors' Work	Amaral, Bruno; Marques, Rui	Conference: 14th Iberian Conference on	2019	Portugal

³⁷Munteanu V. (2020), *Auditul financiar-contabil*, Editura Universitară, București, p.40.

³⁸Sailendra, S., Murwaningsari, E., Mayangsari, S. (2019), The Influence of Free Float Shares and Audit Quality on Company Performance: Evidence from Indonesia, *Audit Financiar*, vol. XVII, no. 2(154)/2019, pp. 274-282, DOI: 10.20869/AUDITF/2019/154/010

ISCA 2021

		Pedro; Inacio, Helena	Information Systems and Tech.		
3	Who gets all the PIE? Regulation of the statutory audit for private UK companies	Clacher, Iain; de Ricquebourg, Alan; Duboissee; May, Amy	Accounting auditing & accountability journal Volume: 32 Issue: 5	2019	UK
4	The emergence of statutory auditing in France and the recurring issues of independence and competence, 1867-1966	Dattin, Christine; Fournes	ACCOUNTING HISTORY Volume: 22 Issue: 2 Pages:	2017	France
5	Strategic Audit Inquiry: The Impact of Timing and the Promotion of Statutory Protections on Client Fraud Disclosures	Lauck, John R.; Perreault, Stephen J.; Rakestraw, Joseph R.	Accounting horizons Volume: 34 Issue: 3 Pages: 153-167 Published: SEP 2020	2020	USA
6	The statutory audit and the image of auditors - A comparison between self-perception and perception of others	Schmidt, Florian	Betriebswirtschaftliche forschung und praxis Volume: 69 Issue: 4	2017	Germania
7	Corporate governance, internal audit function and accountability in statutory corporations	Tumwebaze, Zainabu; Mukyala, Veronica; Ssekiziyivu, Bob	Cogent business & management Art. Nr: 1527054	2018	Uganda.
8	Sociological ambivalence in three Latin American corporate control institutions: Revisoria Fiscal - Colombia and Sindicatura - Argentina (Statutory Audit)	Ramirez Henao, Driver; Ferney; Gonzalez, Patricia	Cuadernos de administracion-universidad del valle Vol. 36 Issue: 66	2020	Columbia
9	Assurance of a Credible Financial Information: A Product of Convergence Between Prudence and Continuity by Statutory Audit and a Good Corporation Governance	Ionescu, Bogdan; Stoian, Flavia; Gabrela, Tudose; Geanina;	Entrepreneurship, business and economics, VOL 2	2015	Romania
10	Statutory audit in Europe - state of the art, challenges, and trends	Chersan, Ionela-Corina	Conference: International Conf. on European Financial Regulation (EUFIRE)	2017	Romania
11	Changing the Institutional Framework of Statutory Audit: Internal Stakeholders' Perceptions of the Associated Benefit and Costs	Ruhnke, Klaus; Schmidt, Martin	European accounting review Volume: 25 Issue: 1	2016	Germania
12	The European Union Statutory Audit Directive	Lessambo, Felix I.	International corporate governance system: audit roles and board oversight Book	2014	UK
13	Internal audit function, audit committee effectiveness and accountability in the Ugandan statutory corporations	Bananuka, Juma; Nkundabanyanga, Stephen; Korutaro; Nalukenge, Irene	Journal of financial reporting and accounting Volume: 16 Issue: 1	2018	Uganda
14	Joint Audit Engagements and Client Tax Avoidance: Evidence from the Italian Statutory Audit Regime	Bianchi, Pietro A.; Falsetta, Diana; Minutti-Meza, Miguel	Journal of the American Taxation Association Volume: 41 Issue: 1	2019	USA
15	Investment in internal auditing and governance characteristics: Evidence from statutory internal auditors in South Korea	Park, Hyun-Young; Lee, Ho-Young; Kim, Jin Wook	Managerial auditing journal Volume: 34 Issue: 5	2019	South Korea
16	Current exigencies concerning the statutory audit	Petre, Georgeta	Metalurgia international Volume: 14	2009	Romania

ISCA 2021

17	PIE statutory audit market concentration: evidence from Latvia	Saksonova, Svetlana; Rozgina, Ludmila	Conf: 11th International Scientific Conference on New Challenges of Ec. and Business Development	2019	Latvia
18	Statutory auditor's profile and computer assisted audit tools and techniques' acceptance: indicators on firms and peers' influence	Pedrosa, Isabel; Costa, Carlos J.	Conference: International Conference on Information Systems and Design of Communication	2014	Portugal
19	Quality Control Procedure for Statutory Financial Audit An Empirical Study	Saha, Siddhartha Sankar; Roy, Mitrendu Narayan	Quality control procedure for statutory financial audit: an empirical study	2017	India
20	Support institutions to governments and parliaments (Tips, ombudsmen and audit chambers. System description and statutory notes)	Rey Martinez, Fernando	Revista espanola de derecho constitucional Volume: 30 Issue: 89 Pages: 375-378	2010	Spain
21	The scope and influence on the quality of statutory audit of accounting information in Romania	Vinatoru, Sorin Sandu	Book Series: International Multidisciplinary Scientific / Conf. on Social Sciences and Arts	2015	Romania
22	Slovak act on statutory audit: Reflection on terminology	Madera, Frantisek	Conf: International Scientific Conf. on Accounting and Auditing in the Process of Inter. Harmonization	2016	Slovakia
23	Independence of statutory auditor with respect to audited entities under the audit act from 2017	Juric, Dionis	Zbornik pravnog fakulteta sveucilista urijeci Volume: 39 Issue:1	2018	Croatia
24	Liability for damage caused to third parties by performing a statutory audit	Micovic, Miodrag; Puvaca, Maja Bukovac	Zbornik pravnog fakulteta sveucilista u rijeci Volume: 39 Issue: 1	2018	Serbia

Source: The author's contribution

As we can see the number of articles is not very large in this area which indicates that the chosen subject is under development.

CONCLUSION

Statutory audit is a profession that has developed over time, trying to respond and always adapt to the constantly evolving needs of entities. It is based on a flexible, internationally known frame of reference that adapts to the legislative particularities of each country. The growing pressure of users of financial and accounting information, as well as of economic and social development, has made auditing indispensable, and today it is becoming an emphatic tool for detecting accounting fraud and errors. Communicator of credible, prompt and relevant financial information to users by performing an audit mission of the highest quality, by complying with auditing standards and principles, it brings added value to audited entities.

Starting from 2007, the year in which Romania joined the European Union, we emphasize the important aspects that it had to take into account, respectively Directive 43/2006/EC, the alignment to the standards imposed by the European Union, by GEO No. 90/2008. The implementation of the directive was a challenge and played an important role in the development of the audit profession in Romania. Due to changes both globally and in Europe, it has been found that laws and standards need to be improved. The important role of communicator of relevant information, demonstrated that it also has negative parts, the association of the auditor with global financial scandals, intentional or

not, influenced the image of the auditor. Professional bodies sought solutions to the problems encountered, so new standards and new directions of work came into force in 2014 (Directive 56/EU, Regulation 537/EU) continuing with Law 162/2017 and revised standards issued by the IAASB. The desire of the bodies is to reach a communication that is as transparent and objective as possible. The main characteristics that indicate the goodwill value of the financial auditor are those of credibility, prudence and consistency found in the definition of the term. The goodwill brought by the auditor can differentiate important aspects between entities in the same field of activity. The value offered by external auditors in an audit engagement is much more substantial than at first glance. The company's image is reflected in an audit report and through a positive opinion it brings respect, prosperity and trust both economically and socially. The auditor offers perspectives and open doors to investors, creditors and employees and internally contributes to transparency, accountability and devotion. The general objective of this research was to improve the overall image of the financial / statutory auditor. Although many criticize it for having more information than what is presented in an audit report, this research shows that it means much more than a report, through its work and presence in audited entities contributes to the transparency and fairness of financial situations. I believe that the objective has been achieved and the research is relevant to the overall image of the statutory auditor.

This paper received financial support through the project entitled:

"DECIDE - Development through entrepreneurial education and innovative doctoral and postdoctoral research", Project Code POCU / 380/6/13/125031, project co-financed by the European Social Fund through the Human Capital Operational Program 2014 - 2020"

REFERENCES

1. Ardelean, A. 2015. Perceptions on Audit Quality Based on the Ethical Behavior of Auditors. *Audit Financiar*, XIII.Nr.3 (123), 61–67.
2. Arens, Loebbecke 2007, *Audit. O abordare integrată*, Ediția a 8-a, Editura ARC;
3. Alden W., Barbara(2006),*Managing Business Ethics: Straight Talk About How to Do It Right*, John Wiley and Sons Inc;
4. Azizkhani, M., Daghani, R., & Shailer, G. 2018. Audit Firm Tenure and Audit Quality in a Constrained Market. *The International Journal of Accounting*, 53(3), 167–182.
<https://doi.org/10.1016/j.intacc.2018.07.002>
5. Brezeanu P., Pontă D., Brașoveanu I., Tătar V., Morariu V., Novac L., Triandafil C. 2008. *Audit financiar Repere metodologice, etice și istorice Reglementări internaționale (ISA)- extrase*, Editura Cavallioti, București, p.24.
6. Bâtcă-Dumitru C.G., Sahlian D.N., Irimescu A.M 2018, *Contabilitate și raportare financiară*, ediția a II-a, revizuită, CECCAR, București;
7. Chen, H., Chen, J. Z., Lobo, G. J., & Wang, Y. 2011. Effects of audit quality on earnings management and cost of equity capital: Evidence from China. *Contemporary Accounting Research*, 28(3), 892–925.
<https://doi.org/10.1111/j.1911-3846.2011.01088.x>
8. *Directiva 56/UE a Parlamentului European și a consiliului de modificare a Directivei 2006/43/CE privind auditul legal al situațiilor financiare anuale și al situațiilor financiare anuale consolidate*, Publicată în Jurnalul Oficial nr. L 157/ 27.05.2014.
9. Floarea, I., Macovei, I.C., Floarea, R., Berheci, Maria. 2005. *Introducere în expertiza contabilă și auditul financiar*, Editura C.E.C.C.A.R., București;
10. *Ghid pentru pregătirea candidaților la examenul de aptitudini pentru obținerea calității de expert contabil și de contabil autorizat*(2018), Ediția a IV-a, CECCAR, București;
11. Ghid pentru auditul de calitate. 2019, CAFR, București;
12. IFAC. 2016-2017. *Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*.

13. IAASB. 2018. *Manual de reglementări Internaționale de control a calității, audit, revizuire, alte servicii de asigurare și servicii conexe*, Traducere ASPAAS, București, p.92.
14. *Legea nr. 162/2017* privind auditul statutar al situațiilor financiare anuale și al situațiilor financiare anuale consolidate și de modificare a unor acte normative, publicată în Monitorul Oficial nr. 548/12.07.2017.
15. Loebbecke A. 2003, *O abordare integrată*, Editura ARC, ediția a 8-a, București.
16. Martinez, A. L., & Moraes, A. J. 2014. *Association between independent auditor fees and firm value: A study of Brazilian public companies*. Journal of Modern Accounting and Auditing, 10(4), 442–450. <https://doi.org/10.1177/0269216313489367>
17. Munteanu A., Țurlea E. 2001, *Audit financiar contabil*, Editura Economică, București.
18. Munteanu V. 2003. *Control și audit financiar-contabil*, Editura Lumina Lex, București, p468.
19. *OMFP nr. 1.802/2014* pentru aprobarea Reglementărilor contabile privind situațiile financiare anuale și situațiilor financiare anuale consolidate, publicate în Monitorul Oficial nr. 963/30.12.2014, cu modificările și completările ulterioare.
20. *OMFP nr. 666/ 2015* - privind aplicarea Reglementărilor contabile conforme cu Standardele internaționale de raportare financiară de către unele entități cu capital de stat.
21. *OMFP nr. 2844/2016* - pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaționale de Raportare Financiară, cu modificările și completările ulterioare.
22. Păunescu M., Radu G. 2018. *Misiuni de asigurare și nonasigurare, altele decât cele de audit financiar*, editura CECCAR, București;
23. Radu G. 2010. *Normativ și constructiv în profesia liberală de audit financiar de practică publică*, editura Transversal;
24. Robu, I. B., Grosu, M., & Istrate, C. 2016. *The Effect of the Auditors' Rotation on the Accounting Quality in the Case of Romanian Listed Companies under the Transition to IFRS*. Audit Financiar, XIV.Nr.1 (133), 65–77.
25. *Regulamentul (UE) nr. 537/2014* al Parlamentului European și al Consiliului privind cerințe specifice referitoare la auditul statutar al entităților de interes public și de abrogare a Deciziei 2005/909/CE a Comisiei, publicat Jurnalul Oficial nr. L 158/24.05.2014.
26. Rusovici A., Farmache S., Rusu G. 2008. *Manager în activitatea de audit*, Monitorul Oficial R.A., București, p.19-20;
27. Sailendra, S., Murwaningsari, E., Mayangsari, S. 2019, *The Influence of Free Float Shares and Audit Quality on Company Performance: Evidence from Indonesia*, Audit Financiar, vol. XVII, no. 2(154)/2019, pp. 274-282, DOI: 10.20869/AUDITF/2019/154/010
28. *Standardele Internaționale de Raportare Financiară (IFRS)*. Norme oficiale emise la 1 ianuarie 2015, traducere, Editura CECCAR, București.
29. Tănase, G. L., Ștefănescu, A. 2020, *Independence in Financial Audit Engagements. The Case of Romanian Banks*, *Audit Financiar*, vol. XVIII, no. 1(157)/2020, pp.113-127.
30. Toma M.1995. *Norme de audit financiar și certificare a bilanțului contabil*, Editura CECCAR, București, p.7.
31. Tudor Tiron A., *Romanian accounting and audit reform in the way of accession into the European Union*. Scientific papers of the University of Pardubice /2007.
32. Cîrdei, T. L., Grosu, V., & Mihaila, S. (2020). *Unele aspecte privind fondul comercial*.
33. www.aspaas.gov.ro/
34. www.cafr.ro
35. www.ceccar.ro