DOI: 10.24193/tras.67E.2
Published First Online: 28/10/2022

The Transformation of Romanian Internal Public Audit between 2006 and 2020*

Octavian MOLDOVAN
Felicia Cornelia MACARIE

Octavian MOLDOVAN (corresponding author)
Postdoctoral researcher, School of Public Administration and Public Policies,
Lecturer, Department of Public Administration and Management, Faculty of Political, Administrative and Communication Sciences,
Babeş-Bolyai University, Cluj-Napoca, Romania
Tel.: 0040-744-891.466
E-mail: octavian.moldovan@ubbcluj.ro

Felicia Cornelia MACARIE
Professor, Department of Public Administration and Management, Faculty of Political, Administrative and Communication Sciences,
Babeş-Bolyai University, Cluj-Napoca, Romania
Tel.: 0040-263-233.419
E-mail: felicia.macarie@ubbcluj.ro

Abstract

The article analyzes how internal public audit (IPA) transformed in Romania between 2006 and 2020, in order to explore: (a) the degree in which central and local public institutions organized their IPA activities as a specialized department or in an associative structure; (b) how did the human resources allocated to IPA activities transformed in this period (focusing on employment, the ability to cover the needs of public organizations and the educational/professional specialization of internal auditors), and (c) how IPA missions changed over time. The empirical research consists of a detailed analysis of official annual reports published by the Central Harmonization Unit for Internal Public Audit, thus ensuring the reliability of the analysis.

Our main results indicate the existence of multiple differences between central and local public organizations, regarding their degree/level of IPA activities organization (especially before 2013) and the number of organizations each internal public auditor was tasked to audit (ranging from 1 at the central level to almost 8 at the local level). Unfortunately, the understaffing of IPA departments/ bureaus is not conducive to an accurate identification and assessment of potential organizational weaknesses and risks, thus potentially hindering the performance of both central and local public institutions.

Keywords: Romanian internal public audit, audit organization, audit missions, human resources.

* **Acknowledgments:** This work was possible with the financial support of the Operational Programme Human Capital 2014–2020, under the project number POCU 123793 with the title 'Researcher, future entrepreneur – New Generation'.

1. Introduction

The current research[1] explores how Romanian internal public audit (IPA from here on) changed and provides a general overview regarding the evolution of internal public audit in all local and central institutions required by Romanian law to organize and conduct IPA. Internal audit is 'an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. [...] It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes' (Institute of Internal Auditors Research Foundation, 2009, p. 3). The internal audit consists of the investigation and evaluation of the adequacy and effectiveness of the internal system of control in an organization, while also assessing the work conducted by employees, in accordance with the duties and responsibilities assigned to them (Arens and Loebbecke, 2003, p. 904). Internal audit, as an independent and objective activity, provides assurance for an organization by controlling its operations and offering guidance in order to improve operations (Ravdan, 2020, p. 626).

Internal audit is an important resource to achieve the objectives of public institutions as it can increase organizational performance and lead to a better allocation of resources (Bobeş, 2012, p. 40). The role and significance of IPA should have increased during the Covid-19 pandemic, as auditors can conduct assurance and counseling activities for the benefit of the decision-makers and the organization as a whole, mitigate risks, and contribute to better usage of public resources (Moldovan, 2021). IPA should be used by decision-makers especially during uncertain contexts such as the Covid-19 pandemic, as it can reduce risks (especially regarding the usage of financial resources) and provide counseling.

The main elements analyzed in this article refer to the degree to which internal public audit activities are organized at the central and local level in Romania, the professional and educational (training) specialization of civil servants working in internal public audit (the ability to cover the needs of public institutions) and the measure in which IPA can offer assistance to public sector leaders and provide actual support for reaching organizational goals (by referring to the main types of audit missions conducted). Besides the introduction and conclusions, the article consists of three main sections, as follows: (1) a brief review of the literature, (2) a methodological section, and (3) the main findings of the research and further discussions.

1 A previous draft of this research was published as a conference proceeding (see Macarie and Moldovan, 2018). However, the current work was significantly modified and improved, differences compared to the previous version including: (1) a different research goal/scope; (2) changes/improvements in the theoretical section; (3) an extension of the data/reports/period analyzed, and (4) changes/improvements in the results presented and their discussion.

2. Internal public audit in Romania

Public sector leaders should understand the importance of IPA as a support mechanism for decision-making, especially when considering the role of IPA, alongside leadership, in the creation and maintenance of a performant and ethical management system and resilient organizations (Dascălu, Marcu and Hurjui, 2016; Dumitrescu, 2012; Țiclău, Hințea and Trofin, 2021; Cetina and Ivan, 2021, p. 977; Toleikienė *et al*., 2022). Public sector organizations face multiple complex risks (Campbell, 2022), as well as external and internal threats, while focusing on the attraction of resources from the external environment, thus a risk management system is necessary to screen risks and prevent undesirable developments and threats (Dumitru and Burtescu, 2015). The absence of functional IPA or its superficial (formal) adoption, without actually providing the functional ability to accurately identify risks and reduce financial uncertainty could have been one of the elements that benefited/helped the previous economic crisis (Oțetea, Tița and Ungureanu, 2013) and prolonged its effects. According to Ardeleanu (Trifu) (2020), when referring to local public administration, 'misunderstanding the role of internal audit is a major risk in the functioning of the decision-making system' (2020, p. 627); more often than not, decision-makers are reluctant to use IPA as they are unaware of its true objectives and role. Furthermore, Cetina and Ivan (2021, p. 977) argue that 'internal auditors and management structures must be seen as partners and not as adversaries, having the same objectives, to effectively achieve the act of management and corporate governance by achieving the assumed performance indicator'.

Processes such as democratization, globalization and EU accession have led to greater exposure for public sector organizations[2], as they are legally required to be transparent and open to citizens, can be controlled (in different forms) by external stakeholders, and are expected to reach higher levels of accountability and responsibility for their actions; in essence, public institutions are expected to engage in a new paradigm of decision-making and community relations. In this relatively new environment, Romanian public sector leaders can use IPA as a support tool to manage risks and create improved and more effective control systems (Bobeş, 2012, pp. 45–47) that can reduce the liability of an institution regarding negative unforeseen events. But, at the same time, auditors must also become aware that 'they cannot hold their current status if they continue to stay in their comfort zone and supply the auditing committee information and points of view based on the traditional approach of internal auditing' (Fülöp and Szekely, 2017, p. 447).

The dual paradigm transformation mentioned previously, faced by both public sector leaders (who need to reevaluate IPA) and internal auditors (who need to rethink their activity), was also emphasized in the literature, according to which IPA in Romania is:

> *'undergoing an ample transformation process, which marks the transition from standardized management and control (generally, through normative acts), to an*

2 Although internal audit exists in both sectors, these activities are 'differently regulated for public entities and for those activating in the private sector' (Laptes, Popa and Dobre, 2014, p. 810).

objective based management and a dual control, based on management self-control (managerial control), as well as on separate assessments made by independent bodies (external public audit and internal public audit). The new type of management entails, ex-ante, undertaking clear and feasible objectives on setting the direction to follow in order to fulfil the needs of a society or of a target group, the allocation of resources (financial, human, material) to fulfil these objectives, decision-making autonomy in resources use, as well as the implementation of a managerial accountability mechanism for the results obtained' (Dascălu, 2016, p. 643).

In essence, the internal public audit can be seen as a dynamic process that transforms or evolves in a similar way to the society in which it exists, being closely connected with the development stage of a society (see Munteanu, Zuca and Țînță, 2010, p. 267) and community expectations regarding responsibility, accountability, and performance in the public sector.

Besides internal public audit, Romanian public sector organizations from the local and national levels are also subject to external public audits exercised by the Romanian Courts of Accounts[3], whose activity is currently divided into three levels, referring to control, financial audit and performance audit (see Bostan and Dascălu, 2016, p. 391; Romanian Courts of Accounts, undated). The audit/control activity of the Romanian Courts of Accounts is concerned with the 'correct and effective formation and use of financial resources of the state and public sector, to evaluate the implementation of the approved budget, the strengthening of good financial management, proper execution of administrative activities and informing public authorities and the vast public through objective reports' (Bostan and Dascălu, 2016, p. 391). Furthermore, the Courts of Accounts communicates with the leaders of audited public institutions and presents its findings and potential remedies aimed at recovering damages (made due to the illegal use of public funds) (Bostan, 2011, pp. 38–39), and can provide recommendations and order measures following its auditing missions 'for the elimination of deviations from the law and of irregularities identified by public external auditors' (Bostan and Dascălu, 2016, p. 391).

An analysis of the annual reports of the Romanian Courts of Accounts made by Terinte and Cărăușu (2017, p. 664) for the 2009–2017 period showed that the most common errors made by the public organizations audited referred to: (a) the process of drafting the budget and modifying/updating the initial budget during its execution phase (implementation); (b) the accuracy and the reality of the data reflected in financial statements; (c) organizing, implementing and maintaining internal/managerial control systems; (d) how to set, highlight and track the revenues of the consolidated general government budget; (e) the quality of economic and financial management (which actually became the

3 The Romanian Courts of Accounts was established by the Parliament as an 'independent and neutral specialized institution that is meant to exercise a detailed control over the formation, administration and use of all the financial resources of the state and of the public sector' (Vedinaş and Moldovan, 2010, p. 1).

most prevalent errors after 2010); (f) public procurement, and to a lesser extent (g) other violations.

IPA has a rather short tradition in Romania and implementation in the modern form can be related to the European Union accession process and the specific requirements entailed by this process (Calotă and Vânătoru, 2009; McKendrick, 2007; Cetina and Ivan, 2021, p. 977). Furthermore, the perception of Romanian public sector leaders regarding the role and importance of auditors is, more often than not, disconnected from international practices and standards; as an example, even if article 9 of Law no. 672/2002 provides an obligation to organize IPA and that leaders abstain from using auditors for other organizational activities, tasks and needs (except those connected with audit), public sector leaders often realize only formal compliance with the law and, in reality, use these experts for other assignments and activities, especially when considering their professional and education background, which is often economic or legal.

During the analyzed period (between 2006 and 2020), Romanian public sector organizations from the local and central levels had the legal possibility to organize IPA activities in the following systems (CHUIPA reports, 2007–2021):

- To create or establish their own specialized compartment, directly subordinated to the leader;
- To refer to the hierarchically superior public organization, meaning that specialized services are provided by the IPA department established by the hierarchically superior public organization); and
- In the cooperation/association system, meaning that IPA is jointly provided for multiple local public entities by: (a) the IPA compartment created by one of these local institutions, or (b) by associative structures of public utility established by local administrative units.

3. Methodology

Internal public audit in Romania was analyzed by Macarie (2011, pp. 26–32) for the 2004–2009 period and Macarie and Moldovan (2018; 2017, pp. 14–33) for the 2006–2015 period; the current research both builds upon previous endeavors and can be considered a continuation of these analyses. As already mentioned, the main goal of the article is to scrutinize the current situation of IPA at the national level and highlight the transformations that occurred in this domain.

The document analysis, which constitutes the main data collection and analysis technique, is based on national annual reports regarding the internal public audit activity and covers the 2006-2020 period. CHUIPA reports[4] are compiled based on individual

4 The documents are available online and have been accessed from the official website of the Ministry of Public Finance at the following address http://www.mfinante.gov.ro/raportariucaapi.html?pagina=domenii.

institutional annual reports (from all public administration institutions legally required to organize and conduct this activity) and are published by the Ministry of Public Finance through the Central Harmonization Unit for Internal Public Audit (CHUIPA), following the requirements of Law no. 672/2002, Minister of Public Finance Order no. 38/2003 and Government Decision no. 1086/2013.

Data used for CHUIPA annual report is reliable and valid as: (a) all public sector organizations follow the same structure; (b) the detailed requirements to redact the report are clearly provided by CHUIPA; (c) the necessary information was provided by the IPA departments which have direct access (thus provided real, actual and accurate information); and (d) writing/redacting and submitting the reports to CHUIPA is mandatory for institutions from the local and central level. As such, the data used in this article is objective and the research results obtained are reliable, accurate, and precise, allowing us to conduct a well-documented investigation of the topic. The same CHUIPA reports were used, in a similar manner, as primary data sources by other authors such as Dumitrescu Peculea (2015) or Stanciu (2018).

4. Main findings and discussions

4.1. The degree of IPA organization

CHUIPA annual reports present how IPA is organized and its contribution towards achieving the institutional objectives of central public administration (CPA from here on) and local public administration (LPA from here on). The degree or level of IPA organization refers to the fact that institutions have either established a specific compartment or that the activity is organized in an associative structure (multiple institutions share resources to conduct this specific activity).

The changes in internal public sector audit organization in the case of Romanian CPA are presented in Table 1 and Figures 1 and 2. The degree of internal audit organization at the central level transformed in a cyclical manner as a result of the permanent restructuring of these organizations through the creation of new institutions, dismantling, merging, absorption or division. IPA evolved in the public sector similarly to other activities as every public sector restructuring or reform generated consistent transformations and shifts in accordance with new social realities or political objectives (also see Tăvală, 2020).

IPA was best organized in CPA in 2016 (the level being 93.86%) and worst in 2013 (61.93%). Consistent shifts can be observed in the analyzed period, such as a reduction of 30.43% in the degree of IPA organization in 2013, when compared to 2012 (see Figure 1 and Table 3); this reduction can be attributed to: (1) an increase of 19% of the number of CPA organizations required by law to organize their IPA, and (2) a decrease of 20% of the number of CPA organizations which previously had IPA organized but then preferred to externalize this activity or have it centralized (delegating this activity at the level of ministries or other CPA authorities). Another problematic issue we observed in Romania's CPA refers to the creation of specialized IPA departments with a single position (auditor

Table 1: The degree of IPA organization in CPA (2006–2020)

Year (0)	Total no. of CPA organizations (1)	CPA organizations with organized IPA (2)	CPA organizations in which IPA was not organized (3)	The degree of IPA organization in CPA (in %) (4) = (2) : (1)
2006	1,263	1,013	250	80.2
2007	1,200	757	443	63.08
2008*	-	-	-	-
2009	1,217	979	238	80.44
2010	1,157	873	284	75,45
2011	1,181	848	333	71.80
2012	1,349	1,246	103	92.36
2013	1,610	997	613	61.93
2014	1,505	983	522	65.32
2015	1,246	1,060	186	85.07
2016	1,320	1,239	81	93.86
2017	1,467	1,364	103	92.98
2018	1,487	1,347	140	90.58
2019	1,441	1,284	157	89.10
2020	1,584	1,392	192	87.87

* The 2008 CHUIPA report does not contain information regarding all CPA entities (as only ministries and administrative authorities are included), thus we excluded this year from the analysis.

Note: The 2010 ratio is based only on partial data regarding CPA

Source: Authors' findings based on CHUIPA reports (2007–2021)

employed), even if legal requirements (article 2 of Law no. 672/2002) state that at least two auditors should be employed fulltime in order to adequately organize IPA and conduct the necessary activities. A problematic tendency can be observed in the most recent period (from 2016) as the degree of IPA organization seems to decrease steadily in CPA, from 93.86% in 2016 to 87.87% in 2020.

The situation regarding IPA organization in Romanian public institutions from the local level is considerably divergent from what we observed at the central level, as the degree of organization was rather reduced from 2005 until 2011 (see Table 2 and Figures 1 and 2). The lowest level of IPA organization at the local level can be observed in 2010 (when it was only 17.12%, see Figure 1) but the negative tendency stopped after 2012 (when Government Decision no. 1183/2012, which allowed the organization of internal audit activities by cooperation/association, was adopted) reaching a maximum of 88.00% in 2020 (see Table 2 and Figure 1). In 2020, the last year for which data is available, IPA seems to be marginally better organized at the level of LPA than it is in CPA.

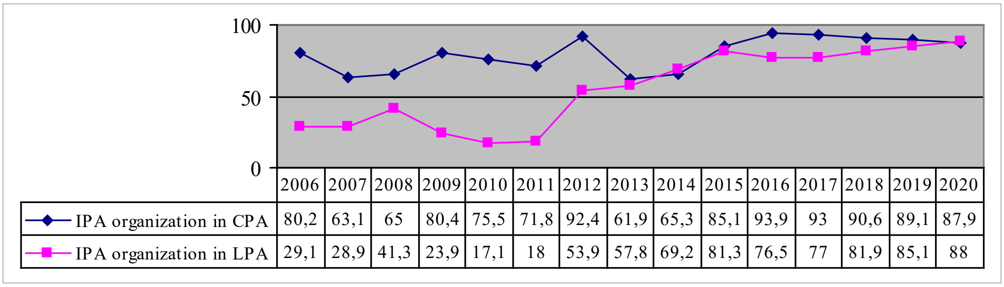


Figure 1: Evolution of the degree of IPA organization in CPA and LPA (2006–2020; in %), (calculated as no. of entities with organized IPA divided by the total no. of entities)

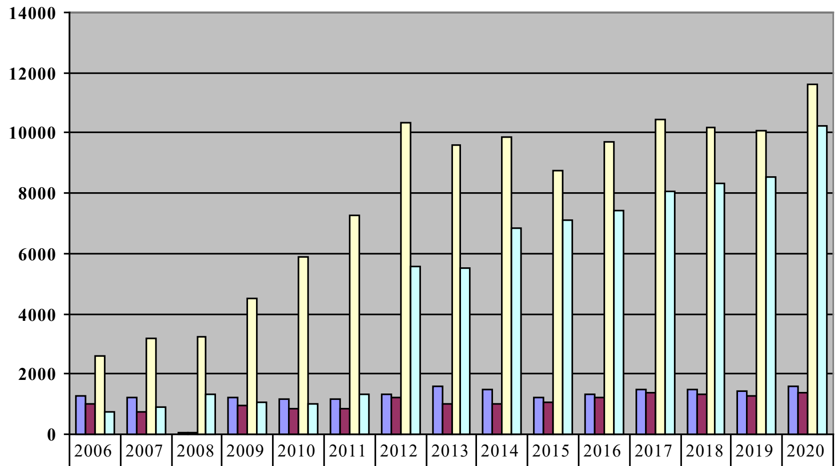
Source: Authors' findings based on CHUIPA reports (2007–2021)

Table 2: The degree of IPA organization in LPA (2006–2020)

Year (0)	Total no. of LPA entities (1)	LPA entities with organized IPA (2)	LPA entities in which IPA was not organized (3)	The degree of IPA organization in LPA (in %) (4) = (2) : (1)
2006	2,625	763	1,862	29.07
2007	3,171	916	2,255	28.89
2008	3,223	1,330	1,893	41.27
2009	4,490	1,071	3,419	23.85
2010	5,883	1,007	4,876	17.12
2011	7,279	1,311	5,968	18.01
2012	10,318	5,559	4,759	53.87
2013	9,580	5,533	4,047	57.76
2014	9,854	6,821	3,033	69.22
2015	8,731	7,100	1,631	81.32
2016	9,711	7,428	2,283	76.49
2017	10,470	8,061	2,409	76.99
2018	10,199	8,349	1,850	81.86
2019	10,054	8,557	1,497	85.11
2020	11,608	10,216	1,392	88.00

Source: Authors' findings based on CHUIPA reports (2007–2021)

The opportunity provided by Government Decision no. 1183/2012 to organize IPA in the associative system (or to partially outsource audit) generated an increase of IPA organization at the local level, but the quality of the services provided in this manner does not seem to always comply with international standards and good practices. Although we found evidence that IPA is mature, at least from the perspectives of institutional organization and formal compliance with legal requirements, aspects such as those related to the actual performance of IPA can be further improved. In multiple situations, IPA is formally



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total CPA entities	1263	1200	54	1217	1157	1181	1349	1610	1505	1246	1320	1467	1487	1441	1584
CPA with organized IA	1013	757	54	979	873	848	1246	997	983	1060	1239	1364	1347	1284	1392
LPA entities	2625	3171	3223	4490	5883	7279	10318	9580	9854	8731	9711	10470	10199	10054	11608
LPA with organized IA	763	912	1330	1071	1007	1311	5559	5533	6821	7100	7428	8061	8349	8557	10216

Figure 2: The evolution of IPA organization in CPA and LPA (2006–2020)

Source: Authors' findings based on CHUIPA reports (2007–2021)

organized (according to the law) but the activity is not efficient and effective (specialized structures do not function in practice as they should, provide less than optimal results or auditors are involved in other activities within the organization). In essence, we argue that it is not sufficient to simply formally organize the internal audit structure (in compliance with the 'letter' of the law) as the activity must also be properly conducted to provide benefits, reduce risks and provide support for decision-makers (to comply with the 'spirit' of the law and international good practices).

The main issues faced by public sector leaders in organizing IPA (according to CHUIPA reports) referred to: (a) legislative limitations on creating specialized (audit) jobs/posts (as the maximum number of posts was set in accordance with the number of citizens living in the local community); (b) budgetary limitations (lack of funds); (c) the dissolution of unoccupied IPA positions due to lack of qualified staff or unattractive salaries; and (d) the fact that public sector leaders misunderstood IPA (did not consider this activity important and consequently did not create an IPA department).

4.2. The human resource involved in IPA activities

Since proper IPA is based on a highly specialized workforce, one of the most important issues faced by public sector leaders (directly responsible for the organization and execution of this activity) refers to the attraction and retention of human resources. Special attention to the human resource involved in the public audit process was also manifested by Stegăroiu and Pleșa (2016), focusing on the employees of the Romanian Court of

Accounts. Developing on this issue in the case of IPA, Table 3 presents the evolution of internal auditor posts (included in organizational charts, occupied or vacant) in the Romanian central public administration for the 2006–2020 period.

Table 3: Internal auditor posts and vacancy/occupancy rates in CPA (2006–2020)

Year (0)	IPA posts included in organizational charts (1)	Occupied IPA posts/positions (2)	Vacant IPA posts/positions (3)	Degree of occupancy (in %) (4) = (2) : (1)
2006	2,070	1,708	362	82.51
2007	2,027	1,633	394	80.56
2008	2,159	1,807	352	83.69
2009	2,195	1,784	411	81.28
2010	2,065	1,700	365	82.32
2011	1,965	1,588	377	80.81
2012	1,944	1,589	355	81.73
2013	1,767	1,466	301	82.96
2014	1,750	-	-	-
2015*	1,472	1,229	243	83.49
2016	1,506	1,182	324	78.48
2017	1,676	1,360	316	81.14
2018	1,700	1,316	316	77.41
2019	1,655	1,307	312	78.97
2020	1,812	1,410	363	78.81

* The CHUIPA report for 2014 only referenced the posts included in the organizational chart and did not provide any information about vacancies (unoccupied positions/jobs), thus we excluded this year from the analysis.

Source: Authors' findings based on CHUIPA reports (2007–2021)

The number of IPA positions present in the organizational charts of institutions from the central level increased from 2007 to 2009, to decrease after 2010 systematically to a minimum of 1,472 posts in 2015 (see Table 3); the highest number of posts (2,195) was included in organizational charts in 2009. The difference between the lowest and highest number of posts included in organizational charts is 723, corresponding to a decrease of 33% in 2015 compared to 2010. However, after 2015, the number of auditing positions, which were included in organizational charts increased each year, reaching 1,812 in 2020.

The number of posts/positions which are actually occupied has also decreased from 2009 to 2015, from a maximum of 1,807 occupied positions in 2008 to a minimum of 1,182 auditors being employed in 2016, leading to a decrease of 34.58% (see Table 3), possibly due to public sector recruitment/hiring freeze and cuts, and freezes/reductions of wages, as a result of the 2010-2011 anti-crisis policies. Although the number of posts included in organizational charts increased in 2016 to 1,506, when compared to the previous year the number of occupied posts decreased to 1,182 (from 1,229) and the number of vacant positions increased (from 243 in 2015 to 324 in 2016). By 2020, the number of occupied posts in CPA increased to 1,410.

The degree of occupancy[5] of IPA posts at the Romanian central level is rather constant in the analyzed period, around 80% threshold, the lowest being in 2018 (77.41%) and the highest in 2008 (83.69%; see Figures 3 and 4); however, the constant and high pace of occupancy should be scrutinized considering the decrease in the number of posts included in organizational charts over the 2010-2016 period.

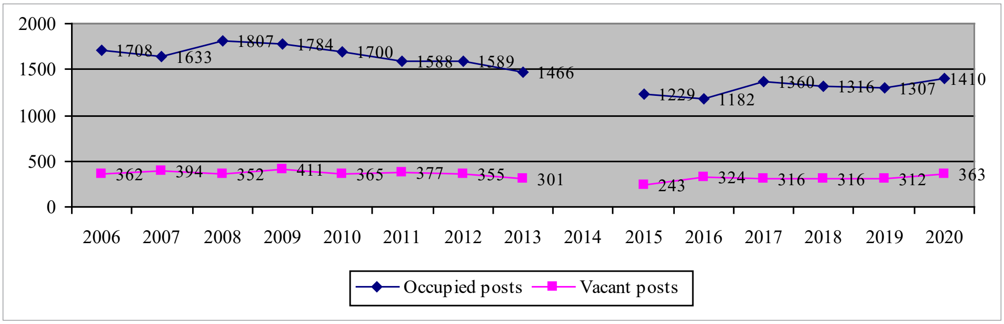


Figure 3: Occupied and vacant IPA posts in CPA (2006–2020)

Source: Authors' findings based on CHUIPA reports (2007–2021)

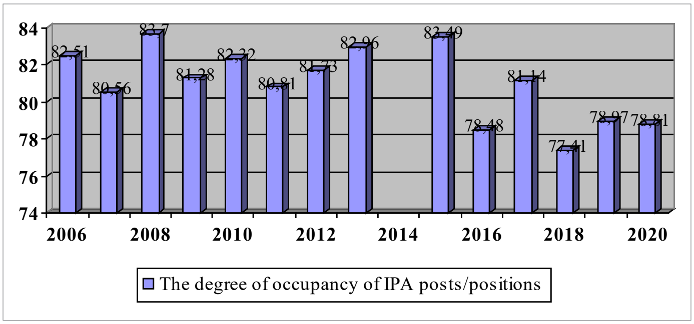


Figure 4: The degree of occupancy of IPA posts/positions in CPA (2006-2020)

Source: Authors' findings based on CHUIPA reports (2007-2021)

To reach a better understanding of the IPA activity in CPA, we also calculated the ratio between the number of CPA organizations (which legally had to organize audit activities) and the number of auditor positions included in organizational charts or which were actually occupied (see Table 4). The result can be considered favorable for IPA activities when

5 Calculated as the number of occupied positions/posts divided by the total number of positions/posts included in organizational charts.

Table 4: IPA coverage in CPA (2006-2020)

Indicators	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total no. of CPA entities, out of which:	1,263	1,200	-	1,217	1,157	1,181	1,349	1,610	1,505	1,246	1,320	1,467	1,487	1,441	1,584
CPA entities with organized IA	1,013	757	-	979	873	848	1,246	997	983	1,060	1,239	1,364	1,347	1,284	1,392
Total no. of IPA posts included in organizational charts, out of which:	2,070	2,027	2,156	2,195	2,065	1,965	1,944	1,767	1,750	1,472	1,506	1,676	1,700	1,655	1,812
Total no. of occupied posts	1,708	1,633	1,807	1,784	1,700	1,588	1,589	1,466	-	1,229	1,182	1,360	1,316	1,307	1,410
No. of entities/no. of audit posts included in organizational charts	0.61	0.59	-	0.55	0.56	0.60	0.69	0.91	0.86	0.85	0.87	0.87	0.87	0.87	0.87
No. of entities/ no. of occupied IPA posts	0.74	0.73	-	0.68	0.68	0.74	0.85	1.10	-	1.01	1.11	1.07	1.12	1.1	1.12

Source: Authors' findings based on CHUIPA reports (2007–2021)

the ratio between the number of entities and the number of posts is reduced (there are few public organizations for each auditor) and unfavorable when the ratio is higher (there are more CPA organizations for each auditor position or employed person).

The most favorable situation was in 2009 when there were 0.55 CPA organizations for each auditor post included in organizational charts and 0.68 central organizations for each employed auditor; the least favorable situation was in the year 2013 when for each IPA position included in organizational charts there were 0.91 entities, and 2018/2020 when the CHUIPA reports show 1.12 CPA organizations for each employed auditor (see Table 4).

The evolution of IPA positions at the local level is shown in Table 5 and Figures 5 and 6. The number of IPA posts included in organizational charts has fluctuated considerably, from a minimum of 1,273 in 2006 to a maximum of 1,895 posts in 2009. We can also observe a continuous reduction between 2009 and 2013 both regarding the number of positions included in organizational charts and those which were actually occupied, while starting with 2015 the number of posts increased (see Table 5). The difference between the minimum and the maximum number of posts included in organizational charts at the local level is 622 (there was an increase of 48.86% in 2009 compared to 2006). 1,793 posts/positions were included in LPA organizational charts in 2020, out of which 1,316 posts were actually occupied.

Table 5: IPA posts included in organizational charts and occupied/filled posts in LPA (2006–2020)

Year (0)	No. of IPA positions included in organizational charts (1)	No. of occupied IPA positions (2)	No. of IPA vacancies (3)	Degree of post/position occupancy (%) (4) = (2) : (1)
2006	1,273	864	409	67.87
2007	1,664	682	982	40.98
2008	1,654	983	671	59.43
2009	1,895	1,103	792	58.21
2010	1,540	940	600	61.04
2011	1,523	911	612	59.81
2012	1,467	726	741	49.48
2013	1,399	804	595	57.47
2014	1,459	-	-	-
2015	1,584	1,097	487	69.25
2016	1,631	1,074	557	65.84
2017	1,541	1,120	421	72.68
2018	1,606	1,187	366	73.91
2019	1,736	1,298	395	74.77
2020	1,793	1,316	435	73.40

Source: Authors' findings based on CHUIPA reports (2007–2021)

Figures 5 and 6 show considerable differences between the number of posts/positions that were included in organizational charts and those which were actually occupied (meaning that an auditor was hired) in the case of public institutions at the local level. Both categories have increased in the case of local organizations after 2013, most likely as a result of improvements in the degree of IPA organization through the cooperation or association system, while the number of vacancies (unoccupied posts) is smaller in 2020 compared to the 2007–2016 period.

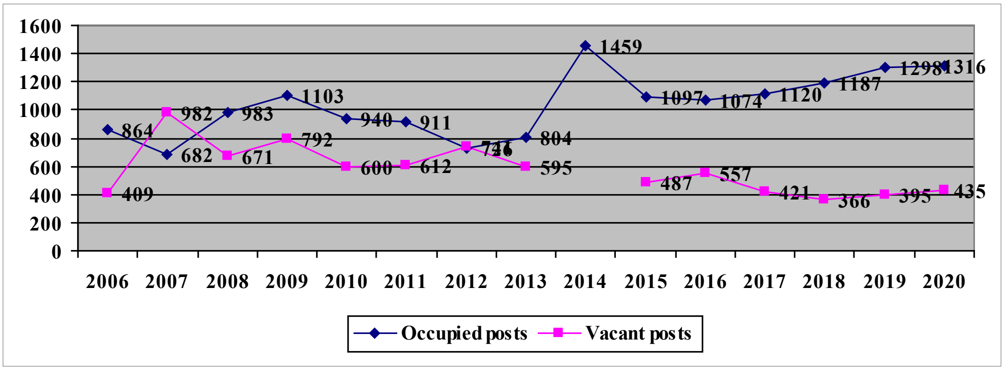


Figure 5: Occupied and vacant IPA posts in LPA (2006–2020)

Source: Authors' findings based on CHUIPA reports (2007–2021)

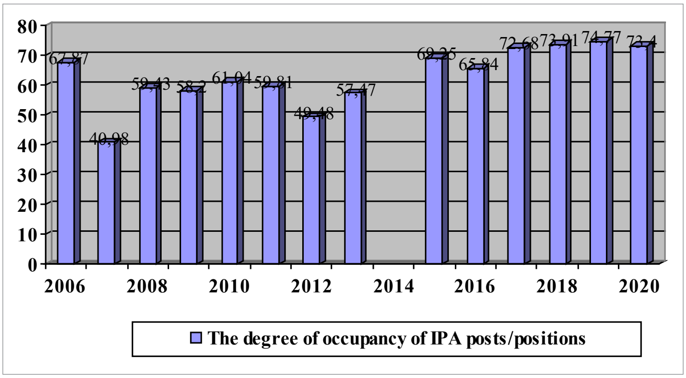


Figure 6: The degree of occupancy of IPA posts/positions in LPA (2006–2020)

Source: Authors' findings based on CHUIPA reports (2007–2021)

The ratios between the number of local public administration organizations required by law to organize IPA and the number of internal public auditor positions (included in organizational charts) and employed auditors are shown in Table 6. The most problematic situation at the local level was observed in 2012 (when there are 7.03 organizations for a single IPA position included in organizational charts and 14.21 organizations corresponding to each employed auditor), while the smallest number of organizations for an auditor

Table 6: IPA coverage in LPA (2006–2020)

Indicators	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total no. of LPA entities, out of which:	2,625	3,171	3,223	4,490	5,883	7,279	10,318	9,580	9,854	8,731	9,711	10,470	10,199	10,054	11,608
LPA entities with organized IPA	763	916	1,330	1,071	1,007	1,311	5,559	5,533	6,821	7,100	7,428	8,061	8,349	8,557	10,216
Total no. of IPA positions, included in organizational charts, out of which:	1,273	1,664	1,654	1,895	1,540	1,523	1,467	1,399	1,459	1,584	1,631	1,541	1,606	1,736	1,793
Total no. of filled/occupied posts	864	682	983	1,103	940	911	726	804	-	1,097	1,074	1,120	1,187	1,298	1,316
No. of entities/No. of audit posts included in organizational charts	2.06	1.91	1.95	2.37	3.82	4.78	7.03	6.85	6.75	5.51	5.95	6.79	6.35	5.79	6.47
No. of entities/No. of occupied/filled IPA posts	3.04	4.65	3.28	4.07	6.25	7.99	14.21	11.91	-	7.96	9.04	9.34	8.59	7.74	8.82

Source: Authors' findings based on CHUIPA reports (2007–2021)

position included in organizational charts was in 2007 (1.91 organizations per post) and 2006 in the case of filled/occupied positions (3.04 organizations per auditor).

In 2020, the CHUIPA report shows that there were 6.47 LPA organizations for each auditor position included in organizational charts, while the ratio increased to 8.82 institutions for each occupied/filled IPA post. However, we should analyze these data while keeping in mind that after 2013 internal public audit could be organized through the co-operation/association system in LPA.

The low number of occupied public auditor posts at the local level (especially in communes and small towns; see Tables 5 and 6) can account for some of the issues and shortcomings faced by these organizations when providing public goods and services, and also for multiple cases when financial resources which were already insufficient for the needs of the community and improperly mobilized at the local level (see Moldovan, 2016) were misused. The 'faulty management of human resource' explanation is often mentioned as a source of public sector internal audit shortcomings and deficiencies (see Cioban (Lucan), Hlaciuc and Zaiceanu, 2015, p. 399).

Since the CHUIPA report for 2017 did not include human resource data differentiated for CPA and LPA but only aggregate information, Table 7 was created based on information previously analyzed in this subchapter, in order to offer a complete picture of the 2006–2020 period. Table 7 shows that the lowest level of overall post occupancy was in 2007 (only 62.72% of the posts included in the organizational charts were occupied) and the highest in 2017 (77.09), but the period seems to be characterized by considerable year-to-year fluctuations. The degree of occupancy (CPA and LPA combined) decreased to 75.62 in 2020.

Table 7: IPA posts and their vacancy/occupancy in PA (local and central combined, 2006–2020)

Year (0)	IPA positions included in the organizational charts (1)	Occupied IPA posts/positions (2)	Vacant IPA posts/positions (3)	Degree of occupancy (in %) (4) = (2) : (1)
2006	3,343	2,572	771	76.94
2007	3,691	2,315	1,376	62.72
2008	3,813	2,790	1,023	73.17
2009	4,090	2,887	1,203	70.59
2010	3,605	2,640	965	73.23
2011	3,488	2,499	989	71.65
2012	3,411	2,315	1,096	67.87
2013	3,166	2,270	896	71.70
2014	3,209	-	-	-
2015	3,056	2,326	730	76.11
2016	3,137	2,256	881	71.92
2017	3,217	2,480	737	77.09
2018	3,306	2,503	682	75.71
2019	3,391	2,605	707	76.82
2020	3,605	2,726	798	75.62

Source: Authors' findings based on CHUIPA reports (2007–2021)

The analyses conducted so far seem to indicate the potential of a rather serious issue developing (of having already developed) in regard to Romanian IPA, as the human resource involved in this activity seems to be undersized for the actual needs of the public sector. Thus, we must express at least some concerns regarding the fact that IPA can actually be used to its full potential as a managerial tool and contribute to the achievement of public sector organizational goals and objectives.

4.3. Audit missions and the professional (educational) background of auditors

We also analyzed the number and types of internal audit missions conducted in the public sector (see Table 8) in order to provide an evaluation of the potential impact IPA has on achieving the goals of public entities. The number of IPA missions increased constantly in the analyzed period, as in 2020 the number of missions has more than doubled compared to 2011, steadily increasing from 5,250 missions in 2011 to 12,178 missions in 2020, with a peak value of 13,800 missions in 2019 (at the national level, including both CPA and LPA combined). Most audit missions consist of insurance missions (around 95% of the total number of audit missions conducted between 2011 and 2014) but since 2015 the ratio of counseling missions increased. Since 2017 the share of assurance missions is below 80% out of the total number of missions conducted. The aforementioned change from assurance to counseling can be regarded as an increase in the importance provided by public sector leaders to internal audit as a mean of reaching managerial and organizational objectives. Furthermore, since 2017 ad-hoc missions have also been carried out, while evaluation missions have been conducted as well starting with 2018.

Assurance missions often refer to a small number of auditable areas, such as budgeting, financial or accounting, public procurement, human resources (hiring, firing or other practices), legal, EU funding, and specific organizational functions. Assurance missions often refer to regularity or compliance audit, which is considered to be 'the first stage of development in the evolution of the internal audit function' (Timofte, 2021, p. 137), while consulting missions can be assumed to provide added value to the organization and increase its performance.

Table 8: The type and number of audit missions (central and local level combined; 2011–2020)

Type of IPA missions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assurance	5,031 95.8%	6,332 93.5%	5,880 93.3%	7,916 96.04%	8,630 82.19%	9,756 83.21%	8,767 79.15%	8,495 70.83%	11,098 80.42%	9177 75.35%
Consulting	219 4.2%	450 6.5%	422 6.7%	326 3.96%	1,870 17.81%	1,969 16.79%	2,249 20.30%	2,595 21.63%	1,971 14.28%	2,191 17.99%
Ad-hoc	-	-	-	-	-	-	61 0.55%	806 6.72%	677 4.9%	691 5.67%
Evaluation	-	-	-	-	-	-	-	97 0.80%	108 0.78%	119 0.97%
Total	5,250	6,772	6,302	8,242	10,500	11,725	11,077	11,993	13,800	12,178

Source: Authors' findings based on CHUIPA reports (2012–2021)

Audit activities continued in the public sector and audit missions were carried out following the 2020 Covid-19 pandemic, but auditors conducted these activities online or by analyzing documents, while short site visits were also realized (Moldovan, 2021). Even if the number of IPA missions increased constantly from 2011 to 2020 (as shown in Table 8) we must take into account the fact that the number of auditors employed remained constant or increased only marginally (or even decreased in some years), thus slowly expanding the workload of auditors; if an auditor had to conduct (on average, in both local and central public administration) 2.1 missions in 2011 (see Table 9), the number of missions increased to 5.19 in 2016, to slightly decreasing after 2017, as more auditors have been hired (around 100 per year, at the national and local level combined). However, even if the exact ratio between the number of missions and auditors varied, in 2020 auditors still had to conduct more than double the number of missions compared to 2011 (4.46 versus 2.1).

Table 9: The number of audit missions per auditor (CPA + LPA combined)

Year (0)	Occupied IPA posts in LPA (1)	Occupied IPA posts in CPA (2)	Total no. of occupied IPA posts (3) = (1) + (2)	No. of IPA missions (4)	No. of missions/auditor (5) = (4) : (3)
2011	911	1,588	2,499	5,250	2.10
2012	726	1,589	2,315	6,772	2.93
2013	804	1,466	2,270	6,302	2.78
2014*	1,459	1,750	3,209	8,242	2.57
2015	1,097	1,229	2,326	10,500	4.51
2016	1,074	1,182	2,256	11,725	5.19
2017	1,120	1,360	2,480	11,077	4.47
2018	1,187	1,316	2,503	11,993	4.79
2019	1,298	1,307	2,605	13,800	5.29
2020	1,316	1,410	2,726	12,178	4.46

* In the case of 2014 we used all the posts included in organizational charts, as data for occupied posts was unavailable.

Source: Authors' findings based on CHUIPA reports (2012–2020)

Referring to the professional background of internal auditors, Table 10 shows that around 80% of those employed in executive positions had an economic background and less than 20% had other professional backgrounds (legal, engineering, IT/technical or other specializations).

Table 10 also indicates a rather adequate level of professional experience in IPA for those occupying executive positions (around 60% of them had over 5 years of experience). Decision-making IPA employees seem to be mostly (over 85%) economists with a rather large professional experience in the field (over 5 years), thus following the general pattern observed for executive level employees.

Table 10: Professional background and experience in IPA of public sector internal auditors

	Profession	2016	2017	2018	2019	2020	Experience in IA	2016	2017	2018	2019	2020
Execution level IPA posts	Economist	83%	84%	84.6%	84.1%	78.1%	< 1 year	11%	11%	10.2	12.4	7.2
	Jurist (legal counselor)	8%	10%	9.4	9.9	11.2	1-3 years	16%	18%	19.5	18.2	19.1
	Engineer / technical	6%	7%	6.4	5.8	5.6	3-5 years	13%	13%	12.7	14.1	15.6
	Medical studies	1%	1%	1	0.9	0.8	> 5 years	60%	58%	57.6	55.3	58.2
	Other professions	2%	4%	4.7	4	5.1						
	Profession	**2016**	**2017**	**2018**	**2019**	**2020**	**Experience in IA**	**2016**	**2017**	**2018**	**2019**	**2020**
Decision-making IPA posts	Economist	86%	86%	88	85	85	< 1 year	1%	5%	3	4	3
	Jurist (legal counselor)	9%	11%	11	12	14	1-3 years	10%	9%	13	13	10
	Engineer / technical	5%	6%	6	7	7	3-5 years	8%	9%	6	7	10
	Medical studies	0%	0%	0	0	0	> 5 years	81%	77%	78	76	78
	Other professions	1%	7%	6	7	7						

Source: Authors' findings based on CHUIPA (2018–2021)

5. Conclusions

Internal public audit evolved significantly in Romania since its initial inception, as a result of the changes generated by globalization (especially EU membership), public policy shifts, and different external crises. IPA was for a long time better organized at the central administrative level, but institutions from the local level have started to reduce the gap (IPA was marginally better organized at the local level in 2020); however, the actual implementation of internal public audit requires considerable improvements at both levels. If so far IPA missions consisted mainly of assurance/compliance or financial risk, future missions need to shift towards corporate governance, risk management (in the general sense, not only financial), ethics, corporate responsibility or sustainability and strengthen the role of auditors as *de facto* counselors/advisors for decision-makers.

The leaders of public organizations should abide by both legal requirements and international (academic and professional) recommendations and refrain from using internal public auditors in other organizational activities. The involvement of these professionals in other types of activities limits their ability to fulfill their main tasks and obligations, thus often rendering IPA ineffective and undermining most of the benefits internal public audit should provide to public institutions.

Diversifying IPA staff by broadening the recruitment and selection base to other professions could lead to a reorientation of these activities, improving the overall performance of public institutions. Internal audit will remain an important part of the public sector in the future even as e-governance and digitalization will reshape the future of public administration (Roja and Boc, 2021), but the actual potential positive impact of IPA on organizational performance cannot be decoupled from its implementation.

References:

1. Ardeleanu (Trifu), N., 'Internal Audit versus Internal Control – Tools for Evaluating the Internal Management System at the Level of Local Public Entities', in Staniewski, M.W., Vasile, V. and Grigorescu, A. (eds.), *Lumen Proceedings: Vol. 14. International Conference Innovative Business Management & Global Entrepreneurship (IBMAGE 2020)*, Iași: LUMEN Publishing House, 2020, pp. 627–639.
2. Arens, A.A. and Loebbecke, J.K., *Audit. O abordare integrată* [Audit: An Integrated Approach], Chișinău: ARC, 2003.
3. Bobeş, F.M., 'Ensuring the Legality and Performance in Using Public Funds', 2012, *Romanian Economic and Business Review*, vol. 7, no. 1, pp. 40–49.
4. Bostan, I. and Dascălu, E.D., 'Strengthening the Sustainability of Public Finances by Means of Financial Law Focused on the Control and Audit Exercise', 2016, *ECOFORUM*, vol. 5, no. 1, pp. 387–393.
5. Bostan, I., 'Metamorfoze instituţionale privind exercitarea auditului public extern în România' [Institutional Metamorphoses on the Exercise of External Public Audit in Romania], 2011, *Economie Teoretică și Aplicată*, vol. 18, no. 12, pp. 32–41.

6. Calotă, G. and Vânătoru, S., 'Implementarea auditului intern în sectorul public din România' [The Implementation of the Internal Audit in the Public Sector from Romania'], 2009, *Analele Universităţii 'Constantin Brâncuşi' din Târgu Jiu, Seria Economie*, no. 3, pp. 377–390.
7. Campbell, J.W., 'Climate Change (Policy) Skepticism: Policy Performance Risk and Support for Fossil Fuel Taxation among Europeans', 2022, *Transylvanian Review of Administrative Sciences*, no. 65E, pp. 23–47.
8. Central Harmonization Unit for Internal Public Audit (CHUIPA), Romanian Government/ Ministry of Finance, 'Annual Reports on Internal Public Audit', 2006-2020, [Online] available at https://mfinante.gov.ro/domenii/informatii-contribuabili/institutii-publice/ucaapi/raportari-audit, accessed on July 18, 2022.
9. Cetina, M.I. and Ivan, O.R., 'The Importance of Internal Audit in Public Sector Research – A Bibliometric Study', 2021, *'Ovidius' University Annals, Economic Sciences Series*, vol. 21, no. 2, pp. 976–986.
10. Cioban (Lucan), A.N., Hlaciuc, E. and Zaiceanu, A.M., 'The Impact and Results of the Internal Audit Activity Exercised in the Public Sector in Romania', 2015, *Procedia Economics and Finance*, vol. 32, pp. 394–399.
11. Dascălu, E.D., 'Factors Supporting an Adequate Sizing of Internal Audit Departments in the Public Sector', 2016, *Audit Financiar*, vol. 14, no. 6, pp. 642–650.
12. Dascălu, E.D., Marcu, N. and Hurjui, I., 'Performance Management and Monitoring of Internal Audit for the Public Sector in Romania', 2016, *Amfiteatru Economic*, vol. 18, no. 43, pp. 691–705.
13. Dumitrescu Peculea, A., 'The Romanian Internal Public Audit System – An X-Ray Analysis of Audit Compartment Activities', 2015, *Review of International Comparative Management*, vol. 16, no. 3, pp. 343–353.
14. Dumitrescu, A., 'Improving Public Sector Performance by Strengthening the Relationship between Audit and Accounting', 2012, *Theoretical and Applied Economics*, vol. 19, no. 11 (576), pp. 85–90.
15. Dumitru, I.M. and Burtescu, C., 'Offences and Penalties in the Internal Audit Activity', 2015, *Scientific Bulletin – Economic Sciences*, vol. 14, no. 2, pp. 36–44.
16. Fülöp, M.T. and Szekely, S.V., 'The Evolution of the Internal Auditing Function in the Context of Corporate Transparency', 2017, *Audit Financiar*, vol. 15, no. 3, pp. 440–450.
17. Laptes, R., Popa, A.F. and Dobre, F., 'Research on the Evolution of Financial Audit in Romania – Past, Current and Future Trends', 2014, *Procedia Economics and Finance*, vol. 15, pp. 807–814.
18. Law no. 672/2002 on internal public audit, published in the Official Monitor of Romania no. 953 from December 24, 2002, republished in the Official Monitor of Romania no. 856 from December 5, 2011.
19. Macarie, F.C. 'Considerations on Current State and Future Tendencies of Public Internal Audit in Romania', 2011, *Audit Financiar*, vol. 9, no. 78, pp. 26–32.
20. Macarie, F.C. and Moldovan, O., 'Evaluating Romanian Internal Public Auditing Using the IA-CM: Current State and Potential Developments', in Hințea, C.M., Moldovan, B.A., Radu, B.V. and Suciu, R.M. (eds.), *Transylvanian International Conference in Public Administration*, Cluj-Napoca: Accent, 2018, pp. 280–302.

21. Macarie, F.C. and Moldovan, O., 'Evoluția auditului public intern din România in perioada 2006-2015. Introducere in IA-CM (modelul de măsurare a capacității auditului public intern)' [The Evolution of Internal Public Auditing in Romania between 2006 and 2015. Introducing the IA-CM (Internal Audit Capability Model)], 2017, *Revista Transilvană de Științe Administrative*, vol. 19, no. 41, pp. 14–33.
22. McKendrick, J., 'Modernization of the Public Accounting Systems in Central and Eastern European Countries: The Case of Romania', 2007, *International Public Management Review*, vol. 8, no. 1, pp. 168–185.
23. Ministry of Public Finance, Order no. 38/2003 on approving the General Norms for exercising the internal public audit activity, published in the Official Monitor of Romania no. 130 from February 27, 2003.
24. Moldovan, O., 'Auditul public intern în pandemie. Studiu de caz asupra României' [Internal Public Auditing in a Pandemic. A Case Study on Romania], 2021, *Revista Transilvană de Ştiinţe Administrative*, vol. 2, no. 49, pp. 51–62.
25. Moldovan, O., 'Local Revenue Mobilization in Romania', 2016, *European Financial and Accounting Journal*, vol. 11, no. 3, pp. 107–124.
26. Munteanu, V., Zuca, M. and Țînță, A., 'Internal Audit Regulations in Romania and their Convergence to European Exigencies', 2010, *Annales Universitatis Apulensis Series Oeconomica*, vol. 12, no. 1, pp. 267–273.
27. Oțetea, A., Tița, C.M. and Ungureanu, M.A., 'Internal Public Audit in the Financial Crisis Context', 2013, *Procedia Economics and Finance*, vol. 6, pp. 688–693.
28. Ravdan, G.A., 'Internal Public Audit System in Public Institutions in Romania', 2020, *Review of International Comparative Management*, vol. 21, no. 4, pp. 625–634.
29. Roja, A. and Boc, M., 'Administrație publică digital – propunere de model de transformare digitală a instituțiilor publice' [Digital Public Administration – Proposal for a Digital Transformation Model of Public Institutions], 2021, *Revista Transilvană de Ştiinţe Administrative*, vol. 1, no. 48, pp. 83–105.
30. Romanian Courts of Accounts, undated, [Online] available at http://www.curteadeconturi.ro/OrganizareEN.aspx, accessed on March 10, 2017.
31. Romanian Government, Decision no. 1086/2013 approving the General rules on exercising the public internal audit activity, published in the Official Monitor of Romania no. 17 from January 10, 2014.
32. Romanian Government, Decision no. 1183/2012 approving the rules regarding the cooperation system for ensuring the public internal audit function, published in the Official Monitor of Romania no. 839 from December 13, 2012.
33. Stanciu, V., 'Auditul public intern – conștientizarea şi asumarea necesității. O investigare a realității românești' [Internal Public Auditing – Awareness and Assuming Its Necessity. An Investigation of Romanian Reality], 2018, *Audit financiar*, vol. 16, no. 4, pp. 446–453.
34. Stegăroiu, I. and Pleșa, I.T., 'The Impact of the Human Resources on the Romanian Court of Accounts' Performance', *International Conference 'Risk in Contemporary Economy*, XVII Edition, 2016, Galați, Romania, pp. 172-178.
35. Tăvală, F.I., 'Cadrul legal în care se înscrie auditul public intern și funcționarea activității de audit public intern – rezultat al programelor de reformă din România' [The Legal Framework in which the Public Internal Audit is Registered and the Functioning of the Public Internal

Audit Activity – Result of the Reform Programs in Romania], 2020, *Acta Universitatis Lucian Blaga. Iurisprudentia*, no. 2, pp. 99–115.
36. Terinte, P.A. and Cărăuşu, D.M., 'Vulnerabilities and Risks in Romanian Public Financial Accounting', 2017, *'Ovidius' University Annals, Economic Sciences Series*, vol. 17, no. 2, pp. 662–666.
37. The Institute of Internal Auditors Research Foundation (IIA), *Internal Audit Capability Model (IA-CM) for the Public Sector*, 2009, [Online] available at https://na.theiia.org/iiarf/Public%20Documents/Internal%20Audit%20Capability%20Model%20IA-CM%20for%20the%20Public%20Sector%20Overview.pdf, accessed on August 30, 2021.
38. Ţiclău, T., Hinţea, C. and Trofin, C., 'Resilient Leadership. Qualitative Study on Factors Influencing Organizational Resilience and Adaptive Response to Adversity', 2021, *Transylvanian Review of Administrative Sciences*, Special Issue, pp. 127–143
39. Timofte, V., 'Possibilities to Evaluate the Performance of Regularity/Compliance Audit Using the Balanced Scorecard Method (BSC)', 2021, *'Bulletin of Carol I' National Defence University*, vol. 10, no. 3, pp. 137–149.
40. Toleikienė, R., Šaparnienė, D., Sroka, W. and Juknevičienė, V., 'The Role of the Leader in the Integral System of Ethics Management in Municipalities', 2022, *Transylvanian Review of Administrative Sciences*, no. 65E, pp. 129–148.
41. Vedinaş, V. and Moldovan, O.C., 'The Constitutional and Legal Status of the Romanian Court of Accounts', 2010, *Internal Auditing* & *Risk Management,* vol. 5, no. 1, pp. 1–5.