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Law no. 672/2002 on internal public audit was published in the Official Gazette of Romania, Part I, no. 953 of December 24, 2002 and was also amended and supplemented through:

- Government Ordinance no. 37/2004 for the amendment and supplementation of the regulations related to internal audit, published in the Official Gazette of Romania, Part I, no. 91 of January 31, 2004, approved through Law no. 106/2004, published in the Official Gazette of Romania, Part I, no 332 of April 16, 2004;
- Government Emergency Ordinance no. 35/2009 on the regulation of certain financial measures in the field of staff expenditure in the budgetary sector, published in the Official Gazette of Romania, Part I, no. 249 of April 14, 2009, approved as amended and supplemented through Law no. 260/2009, published in the Official Gazette of Romania, Part I, no. 484 of July 13, 2009;
- Law no. 329/2009 on the reorganization of certain public authorities and institutions, the rationalization of public expenditure, support for the business environment and observance of the framework agreements with the European Commission and the International Monetary Fund, published in the Official Gazette of Romania, Part I, no. 761 of November 9, 2009, as subsequently amended and supplemented;
- The Framework Law no. 284/2010 on unitary salaries for the staff paid from public funds, published in the Official Gazette of Romania, Part I, no. December 28, 2010, as subsequently amended.

CHAPTER I

General provisions

ART. 1

The present law regulates the organization and exercise of internal public audit in public entities.

Art. 2. Definitions

For the purpose of this Law, the terms and phrases hereinafter are defined as follows:

- a. internal public audit - functionally independent and objective activity provides assurance and consulting, conceived to improve the activity of the public institution; it helps the public entity to accomplish its objectives by a systematic and methodical approach meant to assess and improve the effectiveness, and efficiency of risk management, of control and governance processes;
- b. public authority – any state body or administrative-territorial body which acts, under public law, to satisfy a legitimate public interest; shall be assimilated to public authorities the associative structures of the local public authorities and other private law legal entities which, under the law, have obtained a status of public utility and are authorized to provide public services, as a public power;
- c. the general framework of professional skills of the internal auditor in the public sector, hereinafter referred to as the general framework of professional skills – comprises the fields and, within such fields, the knowledge, abilities and professional values necessary to carry out the activity of internal public audit in public entities and which are specified in the Occupational Standard “Internal auditor in the public sector”.
- d. The Charter of internal public audit – an official document which defines the purpose, objectives, organization, skills, responsibilities and authority of the audit structure within the public entity, the scope, the nature of the assurance and consulting services, the work methodology, the rules of conduct for internal auditors and establishes the need for access to documents, goods and information, on the occasion of the audit missions performed;
- e. certification of the internal auditor in the public sector, hereinafter referred to as the certification – document issued by the Ministry of Public Finance, through the Central Harmonization Unit for Internal Public Audit (CHUIPA), which certifies the fulfilment of the necessary conditions for an internal auditor to perform internal public audit activities in public entities;
- f. internal public audit department – a generic notion regarding the type of functional structure based on the internal public audit which, according to the volume and complexity of the activities and related risks in the public entity, which can be: a general directorate, a directorate, a service, an office or department of at least 2 internal auditors, employed on a full time basis;
- g. internal control – all the policies and procedures drawn up and implemented by the management of the public entity to ensure: that the entity’s objectives are reached in an economic, efficient and effective way; that the specific rules, of the field, the policies and decisions of the management are observed; that the goods and information are protected, that frauds and errors are prevented and discovered; the quality of the accounting documents, as well as the timely supply of reliable information for the management;
- h. public internal financial control - represents the entire system of internal controls within the public sector, consisting of systems of-control from public entities of other structures authorized by the Government and of central units responsible for the harmonisation and implementation of the audit and control principles and standards;

- i. cooperation for ensuring the internal public audit activity in the local public entities – the joint exercise of the internal public audit activity by several entities, one fulfilling the role of organizer, or the performance of these activities, for several local public entities, by audit departments organized at the level of the associative structures of public utility of the local public administration authorities, according to the decisions of the local councils; the conditions and terms of cooperation are established through an agreement;
- j. acquisition of skills – the process through which the knowledge, abilities and professional values necessary for a person to plan and execute internal public audit missions in the public entities the holding of which is confirmed by institutions authorized under the law;
- k. cost-effectiveness - the minimisation of the cost of resources used to achieve certain planned outcomes of an activity, while maintaining the appropriate quality of such outcomes;
- l. effectiveness - the extent to which the planned objectives of each activity are achieved and the relationship between the planned impact and the actual result of an activity;
- m. efficiency - the maximisation of the outcomes of an activity in relation to the resources used;
- n. public entity - a public authority, public institution, company/national company, autonomous administration, trading company whose major shareholder is the State or a territorial-administrative unit, being a legal person, as well as the entity financed to an extent of 50% from public funds;
- o. public funds: amounts allocated from the State budget, from local budgets, from the State social insurance budget, from special fund budgets, from the State treasury budget, from the public autonomous institutions budgets, from funds from foreign credits contracted or guaranteed by the State and whose reimbursement, interests and other costs are assured from public funds and non reimbursable foreign funds;
- p. public institution - includes the Parliament, the Presidential Administration, ministries, other specialised bodies of the public administration, other public authorities, autonomous public institutions, as well as the institutions subordinated to the latter, regardless of their financing; the institution that runs an annual budget up to 100.000 Euro, for 3 consecutive years, is considered a “small public institution”;
- q. governance – the overall processes and structures implemented by the management in order to inform, orient, manage and monitor the activities of the public entity towards reaching its objectives;
- r. public institution – generic name which includes the Parliament, the Presidential Administration, ministries, other specialised bodies of the public administration, other public authorities, autonomous public institutions, the territorial-administrative units, namely the communes, towns, municipalities, counties, districts and the Bucharest Municipality, the central and local public institutions which are subordinated to, are coordinated by or are under the

authority of other public entities, no matter the manner of financing of their activity;

- s. small public institution – the institution which operates an annual budget up to the level of the Lei equivalent of EUR 100,000 for a term of 3 consecutive years;
- t. authorized institutions – higher education institutions authorized in Romania, as well as professional training providers authorized by the National Council of Qualifications and Professional Training of Adults (CNCFPA);
- u. public patrimony - overall rights and liabilities of the State, of the territorial administrative units or of their public entities, that have been acquired or incurred by any title; there are part of public patrimony the rights and liabilities related to both assets of the public domain and of the private domain of the State and of territorial administrative units;
- v. audit trail circuit : setting out the flow of information, the attributions and responsibilities related to the flow, as well as archiving the complete supporting documentation for all the stages of carrying out an action; it allows to trace the operations from summarised totals down to the individual details and vice versa;
- w. Occupational Standard “Internal Auditor in the Public Sector” – a document approved pursuant to Law no. 132/1999 on the setting up, organization and operation of the National Council of Qualifications and Professional Training of Adults, as republished, as subsequently amended and supplemented, which mentions the competent units and the qualitative level associated to the results of the specific activities regarding the internal auditor profession in the public sector;
- x. associative structures of the local public authorities, hereinafter referred to as associative structures – they include: the Association of Communes in Romania, the Association of Town in Romania, the Association of Municipalities in Romania, the National Union of County Councils in Romania and other associative forms of general interest for the local public administration, set up under the law, as well as the territorial structures thereof that are legal persons, as applicable.

CHAPTER II - THE ORGANISATION OF PUBLIC INTERNAL AUDIT

Art. 3.

(1) The general objective of internal public audit in public entities is the improvement of the management thereof and can be reached mainly through:

- a. assurance activities, which represent objective analyses of the evidence, made in order to supply to the public entities an independent assessment of the risk management, control and governance processes;
- b. consulting activities meant to offer added value and improve the governance processes in public entities, without the internal auditor undertaking management responsibilities.

(2) The area of internal public audit comprises all the activities carried out by the public entities in order to fulfil their objectives, including the assessment of the management control system thereof.

(3) The Ministry of Public Finance and the Chamber of Financial Auditors in Romania shall draft the Common framework comprising the objectives specific to internal audit in the economic entities from the public area.

ART. 4

Internal Public Audit is organised as follows:

- (1) The Public Internal Audit Committee (PIAC).
- (2) The Central Harmonisation Unit for Internal Public Audit (CHUIPA)
- (3) The internal audit committees;
- (4) The internal audit departments within the public entities.

ART. 5.

(1) The Committee for Internal Public Audit (CIPA) is established with the Central Harmonisation Unit for Internal Public Audit (CHUIPA) as a body with a consultative character, in order to act in defining the strategy and improving the activity of internal public audit in the public sector.

(2) The CIPA comprises 11 members, as follows:

- a) the President of the Chamber of Financial Auditors from Romania;
- b) professors from universities, specialised in internal public audit - 2 persons;
- c) highly qualified specialists in the field of internal public audit – 3 persons;
- d) the general manager of the CHUIPA;

e) experts in other fields of activity, respectively public accounting, legal, IT systems -3 persons;

f) one representative from the management of the associative structures of the local public authorities.

- (3) The members of CIPA, except for the general manager of the CHUIPA, cannot be part of the structures of the Ministry of Public Finance and the manner in which they are appointed shall be set through norms approved through Government decision*).
- (4) The CIPA will be headed by a President elected by simple majority from among the members of the Committee, who will head the CIPA for a period of 3 years. The president calls the meetings of the CIPA.
- (5) The regulation on the organisation and operation of the CIPA is approved by the plenum thereof, by simple majority.
- (6) CHUIPA provides the CIPA with the technical secretarial support.
- (7) The members of CIPA will receive a meeting allowance equal to 20% of the level of gross salary received by a secretary of state; the allowance shall be borne from the state budget, through the budget of the Ministry of Public Finance**).

*) See Government Decision no. 235/2003 on the approval of the norms related to the appointment of the members of the Committee for the Internal Public Audit, published in the Official Gazette of Romania, Part I, no. 162 of March 13, 2003.

***) According to art. 14 in Law no. 329/2009 on the reorganization of certain public authorities and institutions, the rationalization of public expenses, the support of the business environment and the observance of the framework agreements with the European Commission and the International Monetary Fund, published in the Official Gazette of Romania, Part I, no. 761 of November 9, 2009, as subsequently amended and supplemented, on the date of entry into force of the law and until December 31, 2010, the allowance provided under art. 5 para. (7) in Law no. 672/2002 was equal to 1% of the allowance of the secretary of state.

ART. 6

In the performance of its objectives, the CIPA shall have the following main prerogatives:

- a. Discussing the strategic development plans of the system of internal public audit and issuing an opinion on its development trends;
- b. Discussing and issuing an opinion on the legislative framework elaborated by the CHUIPA in the field of internal public audit;
- c. Discussing and endorsing the annual report on the internal public audit activity and submitting it to the Government;

- d. Endorsing the annual audit plans of internal public audit of national interest with multi-sector implications;
- e. Discussing and issuing an opinion on the reports of internal public audit of national interest with multi-sector implications;
- f. Analysing the importance of the recommendations expressed by the internal auditors in cases of divergent opinions between the Head of a public entity and its internal auditors and issuing an opinion on the consequences of not implementing the recommendations of the internal auditors;
- g. Analysing the co-operation agreements between the internal audit and the external audit referring to the definition of the concepts and the use of standards in the field, the exchange of the results from the audit activity, as well as the common professional training of the auditors;
- h. Endorsing the appointment and dismissal of the general manager of CHUIPA.

ART. 7.

- (1) A Central Harmonisation Unit for Internal Public Audit (CHUIPA) is hereby established within the Ministry of Public Finance, structured on specialised units services and directly subordinated to the Minister of Public Finance.
- (2) The CHUIPA shall be headed by a general manager, appointed by the minister of public finance, based on the endorsement of CIPA.
- (3) The General Manager is a civil servant and should be professionally highly qualified in the financial -accounting field and /or audit with, an adequate professional competence and to comply with the requirements of the Ethic Code of the internal auditor.

ART. 8.

In the performance of its objectives the CHUIPA shall have the following main prerogatives:

- a. Elaborating, managing and implementing a harmonised strategy in the field of internal public audit; it monitors this activity at national level.
- b. Developing and amending the legislative framework in the field of internal public audit.
- c. Developing and implementing uniform procedures and methodologies based on international standards, including internal audit manuals.
- d. Developing risk management methodologies.
- e. Developing the Ethical Code of the internal auditor*).
- f. Endorsing the methodological norms specific to the different domains of activity in the field of internal public audit, including the methodological

norms of the internal public audit departments at the level of the associative structures.

- g. Developing a reporting system for the results of the internal public audit activity and elaborating the annual report, as well as syntheses, based on the reports received, including from the internal public audit departments organized at the level of the associative structures;
- h. Performing internal public audit missions of national interest with multi-sector implications.
- i. Verifying whether norms, instructions, as well as the Ethical Code are respected by internal public audit departments, including those organized at the level of the associative structures, assessing the activity thereof and may initiate the necessary corrective measures in co-operation with the Head of the respective public entity or of the respective associative structure.
- j. Establishing the general framework of the cooperation agreement in order to ensure the internal public audit activity in the local public entities;
- k. Guiding the local public entities and associative structures in the implementation of the cooperation system for ensuring the internal public audit activity;
- l. Establishing, under the law, for the fields of the general professional competences framework, the knowledge, abilities and values a person must have in order to exercise the internal public audit activity;
- m. Co-ordinating the system of recruiting and training in the field of internal public audit, the system of national certification of the internal auditors in the public entities, as well as the system of continuous professional training thereof.
- n. Endorsing the appointment/dismissal of the Heads of internal audit services within the public entities.
- o. Co-operating with the Court of Accounts to ensure the complementarity of the internal public audit activities and the external audit activities and to increase the efficiency thereof, as well as with other institutions in Romania, under observance of the independence, functions and specific requirements of each profession;
- p. Co-operating with public financial control authorities and organisations in other countries, including the European Commission.

*) See the Order of the Minister of Public Finance no. 252/2004 on the approval of the Code of Ethics of the internal auditor, published in the Official Gazette of Romania, Part I, no. 128 of February 12, 2004.

ART. 9.

- (1) The central public institutions that carry out during a financial year a budget higher than Lei 2,000,000,000 must create an internal audit committee u\to act for increasing the efficiency of the internal public audit activity.
- (2) The internal audit committee comprises between 5 and 7 members, appointed by the manager of the central public institution and has the following composition:
 - a) internal auditors with at least 5 years of experience, 2-3 people;
 - b) specialists with at least 5 years of seniority who work in the specific field of activity of the public institution or in support fields: financial-accounting, human resources, legal, IT, 2-3 people;
 - c) the head of the internal public audit department.
- (3) The internal auditors appointed under para. (2) letter a) carry out their activity in other public institutions which are not subordinated, but coordinated by or under the authority of the public institution in question.
- (4) The specialists appointed under para. (2) letter b) carry out their activity in the central public institution and do not hold management positions.
- (5) The decisional balance within the internal audit committee is ensured through the inclusion of an equal number of people appointed under para. (2) letters a) and b).
- (6) The internal audit committee is headed by a chairman, chosen by simple majority of votes from the members of the committee, for a mandate of 3 years, which can be renewed only once; the head of the internal public audit department cannot hold the position of chairman.
- (7) The Organization and operation regulations of the internal audit committee are approved by the plenum thereof, with a simple majority of votes.
- (8) The technical secretariat of the internal audit committee is ensured by the internal public audit department in the central public institution.
- (9) The members of the internal audit committee receive a session allowance set under the same conditions as the session allowance of the members of the Committee for Internal Public Audit (CIPA); the allowance shall be borne from the state budget, through the budget of the central public institution in question.
- (10) The internal public audit committee shall meet twice a year, in ordinary sessions, or any time necessary, in extraordinary sessions, only to perform the attributions provided under art. 10 letters b), d) and f).
- (11) At the request of the head of the central public institution, the chairman of the internal audit committee shall attend the top management sessions in order to express the opinion of the committee with regard to the issues subject to debate.

(12) The public institutions with a budget below Lei 2,000,000,000 during one financial year may create internal audit committees in order to increase the activity of internal audit.

ART. 10

In the performance of its objectives, the internal audit committee shall have the following main attributions:

- a) debates and endorses the multiannual and the annual plans for the internal public audit activity;
- b) analyzes and issues an opinion on the recommendations formulated by the internal auditors, including on those that were not accepted by the head of the central public institution;
- c) endorses the Internal public audit charter;
- d) examines the notices regarding the failure to observe the Code of Ethics of the internal auditor and proposes to the head of the central public institution the necessary measures;
- e) analyzes and endorses the Annual report of the internal public audit activity;
- f) endorses the cooperation agreements with other public institutions regarding the exercise of the internal public audit activity.

ART. 11

The internal public audit department shall be organized as follows:

- a) the manager of the public institution or, for other public entities, the collective management body shall be bound to ensure the organizational and functional framework necessary to carry out the internal public audit activity;
- b) the local public entities which cooperate for the assurance of the internal public audit activity shall use the audit capacity of the department which is created within the organizational entity or at the level of the associative structure, as applicable: the audit department thus created shall be organized and shall operate according to the provisions of this law;
- c) in the local public entities that did not create their own internal audit department or did not enter a cooperation for the assurance of the internal audit activity, this activity can be ensured by internal auditors, certified private individuals, based on services agreements, according to the provisions of this law;
- d) in the small public institutions, which are not subordinated to other public entities, the internal public audit shall be limited to the regularity audit and shall be performed by the internal public audit departments of the Ministry of Public Finance;
- e) in the central public entities the managers of which are main credit accountants and manage a budget of up to Lei 5,000,000 and no internal public audit department

was created, the audit activity shall be performed by the Ministry of Public Finance, through the CHUIPA, based on a protocol of collaboration;

f) the manager of the subordinated public entity, namely that under the coordination or authority of another public entity, shall set up and maintain an operational internal public audit department, based on the consent of the superior public entity; if this consent is not granted, the audit of the respective public entity shall be made by the internal public audit department of the public entity which decided this.

ART. 12

(1) The internal public audit department shall be created distinctly under direct subordination of the entity's manager.

(2) The head of the internal public audit department shall be appointed/dismissed by the head of the associative entity/structure, based on the endorsement of the CHUIPA; for the subordinated public entities, those which are coordinated by or under the authority of other public entities, the appointment/dismissal shall be made based on the endorsement of the immediately superior public entity, under the law.

(3) The head of the internal public audit department shall be responsible for the organization and performance of the audit activities.

(4) The internal public audit department shall be sized, in terms of auditors, based on the volume of activity and on the size of the related risks, so that it should ensure the auditing of the activities comprised in the scope of the internal public audit.

(5) The internal public audit department of the organizing entity, namely at the level of the associative structure, shall be sized, in terms of the number of auditors, so that it should ensure the performance of the internal public audit activity in all the local public entities comprised in the cooperation agreement; the expenses caused by the internal public audit activity carried out in cooperation, which are staff expenses, tax expenses, contributions and other duties related to staff rights granted and those related to internal travels are adequately distributed on the entities that signed the agreement, according to the number of days/auditor provided; the other material expenses, if the parties fail to agree otherwise, shall remain on the account of the organizational entity or of the associative structure, as applicable; the concrete manner of settlement of the expenses shall be established through the cooperation agreement.

(6) The services agreements comprise the activities of elaboration of the annual plans, respectively of the multiannual plans of the internal audit activity and the size of the related risks, so that the auditing of the activities comprised in the scope of internal public audit is ensured, as well as the number of internal auditors, considering also the need to ensure the surveillance function of the performance of the internal audit process.

(7) The internal auditor function is incompatible with the exercise of this function as a professional activity oriented towards profit or reward.

ART. 13

The attributions of the internal public audit department are:

- a) Elaborating methodological norms specific for the public entity where they carry out their activity, based on the endorsement of the CHUIPA and for the public entities subordinated to, coordinated by or under the authority of another public entity, with the endorsement thereof;
- b) Elaborating the draft multiannual internal public audit plan, usually for a term of 3 years and based on it, the draft annual internal public audit plan.
- c) Performing internal audits activities in order to assess whether the financial management and control systems of the public entity are transparent and comply with the norms of lawfulness, regularity, cost-effectiveness, effectiveness and efficiency;
- d) Informing CHUIPA on the recommendations not followed by the head of the audited public entity and of their consequences;
- e) Reporting periodically on the findings, conclusions and recommendations resulted from its audit activities.
- f) Preparing an annual overview of its activities in the annual report.
- g) Reporting immediately to the Head of the public entity and to the authorized internal control unit in case of detecting any serious irregularities or possible prejudices.
- h) checks the observance of the norms, instructions, as well as of the Code of Ethics by the internal public audit departments in the public entities subordinated to, coordinated by or under the authority of another public entity, together with the head of the public entity in question.

CHAPTER III: PERFORMING THE INTERNAL AUDIT

ART. 14

The audit types are the following:

- a. System audit – represents an in-depth evaluation of the financial management and control systems with a view to ascertain if it functions economically, efficiently and effectively in order to identify deficiencies and to formulate recommendations for correcting them
- b. Performance audit – analyses whether the criteria established for the implementation of the objectives and tasks of the public entity are correct for the assessment of the results and appreciates whether the results are consistent with the objectives.
- c. Regularity audit – represents the verification of the actions on the financial effects based on the public funds or the public patrimony, with regard to the observance of the ensemble of principles, procedural and methodological rules applicable to them.

ART. 15

- (1) The internal audit covers all the activities carried out by the public entity, including the activities of the entities subordinated to, coordinated by or under the authority of other public entities.
- (2) The Internal Audit Unit performs the following audits at least once every 3 years, without limitation:
 - The financial activities or those with financial implications carried out by the public entity as of the time of creation of the commitments and until the use of the funds by the final beneficiaries thereof, including of the funds coming from external financing;
 - The payments incurred by budget and legal commitments, including payments from Community funds
 - The administration of the patrimony, as well as the sale, pledging, licensing or renting of assets of the State's private sector or of administrative-territorial units;
 - The licensing or renting of assets of the State's public sector or of the administrative-territorial units;
 - The construction of public revenue, respectively the authorisation and setting of loan notes, as well as the facilities awarded at the cashing of the loan notes;
 - Allocating the budgetary credits
 - The accounting system and its reliability
 - The system of decision making
 - The systems of management and control, as well as the risks associated to such systems
 - The Information Technology Systems

ART. 16

- (1) The draft multiannual plan, respectively the draft of the annual internal public audit plan is established by the internal audit department based on the assessment of the risk associated with the different structures, activities, programs/projects or operations, as well as by taking into account suggestions by the Head of the public entity by consulting with the superior public entities as well as taking note of the recommendations of the Court of Accounts of Romania and of the bodies of the European Commission; the activities which constantly present high risks must be usually audited every year.
- (2) The draft multiannual plans and the draft annual plans of internal public audit of the local public entities that ensure their audit activity by way of

cooperation are elaborated according to the provisions of para. (1) and centralized in the multiannual plan and in the annual audit plan of the organizational public entity, respectively of the associative structure, as applicable.

- (3) The draft multiannual plans and draft annual internal public audit plans of the local public entities where the activity based on services agreements is carried out shall be elaborated according to the provisions set under para. (1) and shall be approved by the head of the local public entity.
- (4) The head of the public entity shall approve annually the draft internal public audit plan.
- (5) The auditors in the internal public audit departments, based on the approval of the head of the public entity, may perform ad hoc audits, respectively public internal audit missions of exceptional character that are not included in the annual audit plan, according to the provisions under art. 17.

ART. 17

Audits are carried out by internal auditors on the basis of a service order, issued by the Head of the internal audit department, stating explicitly the purpose, objectives, the audit type and duration of the audit, as well as the composition of the audit team.

ART. 18

- (1) The internal audit department notifies the audited structure, 15 calendar days before the start of the audit mission; the notice shall include the purpose, the main objectives and the duration of the mission; the notice shall be accompanied by the Charter of the internal public audit.
- (2) The internal auditors have access to all the data and information, including those existing in electronic format, that they consider relevant for the purpose and the objectives mentioned in the service order.
- (3) The audited management and operative staff must provide all relevant information and documentary evidence, at the established terms, as well as all necessary support for allowing the internal audit to proceed under good conditions.
- (4) The internal auditors may require any data, information and copies of documents, certified for conformity, from natural and legal persons related to the audited structure that they must provide at the requested date. The auditors may re-verify at the premises of the auditee any financial and accounting activities they deem necessary in relation to the control activity that the auditee has been subject to and that will be used for proving the lawfulness and regularity of the respective activity.
- (5) The authorised representatives of the European Commission and the European Court of Auditors, are provided with similar rights to those of the internal auditors, with the purpose of protecting the financial interests of the EU; these representatives should be empowered, to this purpose, by a written authorisation that should state their identity and position, and also by a

document that should state the object and the purpose of the control or on site inspection.

- (6) Anytime, while performing the public internal audit, specialised knowledge proves necessary, the Head of the internal audit department may decide on the opportunity of hiring private expertise/consulting services from outside the public entity.

ART. 19

- (1) The internal auditors draft an internal public audit report at the end of each audit mission. The draft audit report reflects the general framework, the objectives, the findings, conclusions and recommendations of the auditor(s). The internal public audit report shall be accompanied by supporting documents.
- (2) The draft internal public audit report shall be sent to the auditee. The auditee can reply, within at most 15 calendar days as of receiving the report, sending its point of view that will be analysed by the internal auditors.
- (3) Within 10 calendar days after receiving the replies of the auditee, the internal public audit department organises a reconciliation meeting with the audited entity during which the findings and conclusions are analyzed in order to accept the recommendations formulated.
- (4) The Head of the internal public audit department will send the final report, together with the conclusions of the reconciliation meeting, for discussion and endorsement, to:
 - a) the Head of the public entity that approved the mission;
 - b) only the head of the local public entity that ensures the audit activity through cooperation, for own internal public audit missions and does not inform other private individuals or legal entities, except for those provided by law, about the data, facts or situations found during the performance of the missions;
 - c) the head of the low public institution.
- (5) After endorsement, the recommendations comprised in the internal public audit report shall be communicated to the auditee.
- (6) The auditee shall inform the internal public audit department on the manner of implementation of the recommendations, including a schedule thereof. The head of the internal public audit department shall inform the CHUIPA or the superior hierarchic body, if need be, of the recommendations that have not been endorsed; these recommendations will be accompanied by the supporting documentation.
- (7) The internal public audit department shall verify and report to CHUIPA or the superior hierarchic body about the progress achieved in the follow-up of its recommendations.

Chapter IV

The internal auditors

ART. 20

- (1) The internal auditors are public officers; they are recruited and have the rights, obligations and incompatibilities provided for by Law no. 188/1999 on the Statutes of public officers, republished, as subsequently amended and supplemented, as well as by this law.
- (2) The appointment or dismissal of internal auditors is made by the head of the public entity, respectively by the collective management body, based on the endorsement of the head of the internal public audit department.
- (3) The general framework of professional competences of the internal auditors in the public area cover, according to the Occupational Standard approved for this profession, at least the following fields:
 - a) internal audit;
 - b) risk management, internal control and governance;
 - c) management;
 - d) accounting;
 - e) public finance;
 - f) information technology;
 - g) law.
- (4) The acknowledgement of the professional competences acquired by the internal auditor shall be made based on:
 - a) the correspondence of the subjects recorded in the transcripts, corresponding to the university, post-university studies and in the graduation certificates recognized at national level, and granted under the law, with the fields in the general framework of professional competences;
 - b) for the fields which are not found in the transcripts or in the equivalent documents, the internal auditor must complete his/her professional training through programs organized by authorized institutions, finalized through graduation certificates or diplomas recognized at national level.
- (5) The certificate shall be issued if the following conditions are cumulatively fulfilled:
 - a) following the acknowledgement process it resulted that the conditions provided under para. (4) are fulfilled;
 - b) professional experience of at least one year;

c) professional probity confirmed by two recommendations from internal auditors or specialists in the field, with at least 5 years of experience in the public activity.

(6) For the internal auditors that hold a certificate of internal audit issued by internationally recognized specialized institutions, namely the Institute of Internal Auditors in the United States of America, the French Institute of Audit and Internal Control, the Institute of Internal Auditors in Great Britain and Ireland, the fulfilment of the conditions provided under para. (5) letter a) is no longer necessary.

(7) The certificate shall lose its validity when:

a) the internal auditor/private individual holding the certificate did not perform specific internal audit activities for 5 years.

b) the internal auditor/private individual holding the certificate did not attend professional training courses within the continuous training program.

(8) For the internal auditors who are not civil servants the selection and establishment of the rights and obligations thereof is made according to the public entity's own operating regulations, as well as with the provisions of this law.

(9) The private individuals, other than internal auditors, who request the issuance of the certificate, shall be applied the same conditions for granting, maintenance or loss of validity set for the internal auditors in public entities.

ART. 21

(1) The internal auditors must accomplish their attributions in an objective and independent manner, with professionalism and integrity, according to the provisions of the present law and according to the norms and specific procedures of the activity of public internal audit.

(2) In exercising their professional activities, with due care and within their limits, internal auditors may not be sanctioned or moved to another position.

(3) The internal auditors must not divulge any kind of data, facts, or cases found during the performance of internal audit, or relating thereto.

(4) The internal auditors are responsible for the protection of documents referring to any internal audit activity performed for a public entity.

(5) The Head of the public entity remains fully responsible for measures undertaken as a result of the findings and recommendations of the audit reports.

(6) The internal auditors must observe the provisions of the Code of ethics of the internal auditor.

(7) The internal auditors must improve their professional knowledge, their skills and values within the continuous professional training, including after obtaining the certificate, which is done through:

a) the participation to courses and seminars on topics related to the general framework of professional competences or those specific for the public entity;

b) individual studies on topics approved by the head of the internal public audit department;

c) publication of specialized materials.

(8) The continuous professional training shall be performed during a period of at least 15 business days per year, and it falls under the responsibility of the head of the internal public audit department, as well as the management of the public entity.

(9) The internal auditors shall be bound to send reports regarding the manner of performance of the continuous professional training programs, endorsed by the head of the public entity, to the body that issued the certificate, once every 5 years, based on which the maintenance/loss of validity of the certificate shall be assessed.

ART. 22

(1) The persons that are spouses, relatives or in-laws up to the fourth degree, inclusive, with the head of the public entity may not be internal auditors within the same public entity.

(2) No internal auditors having family relations up to the fourth degree with the head of the public entity or the members of the collective management body thereof may be appointed to perform internal audit in these entities.

(3) The internal auditors may not be involved in any way in the activities of the entities they could potentially audit, or in the design and implementation of the financial management and control systems of the public entities.

(4) The internal auditors that have responsibilities in the implementation of the programmes and the projects totally or partially financed by the European Union must not be involved in the audit of those programmes.

(5) The internal auditors must not audit activities in fields in which they occupied functions or have been otherwise involved for the three past years.

(6) The internal auditors who find themselves in the situations described above under para. (1) – (5), must immediately inform in writing the Head of the public entity and the head of the internal public audit structure.

CHAPTER V

Offences and sanctions

ART. 23

The following deeds shall be deemed offences and shall be sanctioned by fine between Lei 3,000 and Lei 5,000:

a) Non-compliance with the obligation of ensuring the organizational and functional framework necessary for the performance of the internal public audit activity, according to the provisions under art. 11 letter a).

b) Non-compliance with the obligation to design the norms of internal public audit, specific to the public entity, as well as to submit them for endorsement in accordance with the provisions of art. 13 letter a).

c) Non-compliance with the provisions on the elaboration of the draft internal audit plan, according to the provisions of art. 13 letter b);

d) The refusal of the execution or management staff involved in the audited activity to present any required documentation to those who are responsible for the internal audit in accordance with the provisions of art. 18 para. (3).

e) failure to observe the provisions on the appointment/dismissal of the Head of the internal audit department, respectively of the internal auditors, in accordance with the provisions of art. 12 para. (2), and, respectively, of art. 20 para. (2).

ART. 24

The ascertaining of the offences and the enforcement of the sanctions shall be made as follows:

a) by authorized representatives of the Ministry of Public Finance, for the offences provided under art. 23;

b) by the authorized representatives of the hierarchically superior body at the level of the subordinated public entity for the offences provided under art. 23 letters a), c) and e);

c) by the representatives authorized by the manager of the public entity for the offences provided under art. 23 letter d).

ART. 25

The provisions of Government Ordinance no. 2/2001 on the legal regime of the offences, approved as amended and supplemented through Law no. 180/2002, as subsequently amended and supplemented, shall be applicable to the offences provided under art. 23.

CHAPTER VI

Final provisions

ART. 26

The MoPF shall elaborate general methodological norms on the performance of internal public audit, within 90 days as of the date of entry into force of the present law.**)

*) This law was published in the Official Gazette of Romania, Part I, no. 953 of December 24, 2002.

***) See the Order of the minister of public finance no. 38/2003 on the approval of the General Norms regarding the exercise of the internal public audit activity, published in the Official Gazette of Romania, Part I, no. 130 and no. 130 bis of February 27, 2003, as subsequently amended.

ART. 27

On the date of entry into force of this law *) the following shall be cancelled: art. 2 letters c), i), k) – n), p), u), art. 6-9, 28, art. 29 para. (2), art. 32 letters a)-e), art. 34 para. (1) letters a) and b), art. 37 para. (3), as well as any other provisions regarding the internal public audit in Government Ordinance no. 119/1999 on internal public audit and preventive financial control, published in the Official Gazette of Romania, Part I, no. 430 of August 31, 1999, approved as amended and supplemented through Law no. 301/2002.

*) This law was published in the Official Gazette of Romania, Part I, no. 953 of December 24, 2002.

NOTE:

We present hereinbelow the provisions of art. II-V in Law no. 191/2011 on the amendment and supplementation of Law no. 672/2002 on internal public audit, which were not included in the republished text of Law no. 672/2002 and which shall continue to apply as own provisions of the amending act:

“ART. II

The internal audit committees created according to the provisions of art. 8¹***) para. (1) in Law no. 672/2002 on internal public audit, as subsequently amended and supplemented, shall operate as of January 1, 2002.”

***) Art. 8¹ became art. 9 through renumbering.

ART. III

For the certification of the internal auditors in the public entities that are acting at the time of entry into force of this law, the following transitory provisions shall be applied:

1. The acting internal auditors shall obtain the certificate within 6 months as of the entry into force of this law; the expenses related to the obtaining of the certification are borne by the employer, within the limit of the budget provided for professional training.

2. By way of exception from the provisions under art. 18 para. (2²)****) in Law no. 672/2002, as subsequently amended and supplemented, the internal auditors in the public entities that have at least 5 years seniority on the date of expiry of the term provided under point 1, shall be acknowledged to have the professional competences in the fields of internal audit and risk management, internal control and governance.

3. After the expiry of the term provided under point 1, the internal auditors that do not hold the certificate due to their own fault can no longer perform and supervise internal public audit missions and shall carry out other activities of administrative nature in the field of internal public audit or shall be transferred to other departments of the entity.

****) Art. 18 para. (2²) became article 20 para. (4) through renumbering.

ART. IV

After the expiry of the term provided by art. III point 1, the holding of the certificate or the fulfilment of the requirements provided under art. 18 para. (2²****) in Law no. 672/2002, as subsequently amended and supplemented, as applicable, shall represent specific requirements provided in the sheets of the vacant positions open for the internal auditors in public entities.

****) Art. 18 para. (2²) became art. 20 para. (4) through renumbering.

ART. V

(1) The general norms regarding the exercise of internal public audit which shall also include the counseling activity carried out by the internal audits, provided by the Order of the minister of public finance no. 1.702/2005 on the approval of the Norms regarding the organization and exercise of the counseling activities carried out by the internal auditors in the public entities, shall be updated by the Ministry of Public Finance within 90 days as of the entry into force of this law and shall be approved by the Government.

(2) The norms regarding the system of cooperation for ensuring the internal public audit function shall be drawn up by the Ministry of Public Finance within 90 days as of the entry into force of this law and shall be approved by the Government.

(3) The coordination and performance of the processes of national certification and continuous professional training of the internal auditors in the public sector shall be performed based on the norms elaborated by the Ministry of Public Finance within 90 days as of the entry into force of this law and shall be approved by the Government.

(4) The norms regarding the setting up of the internal audit committees shall be drawn up by the Ministry of Public Finance within 90 days as of the entry into force of this law and shall be approved by the Government."
