

LOW NO 26 of March 2nd 2010

For amending and supplementing [the Government Emergency Ordinance no 75/1999](#) regarding the financial audit activity

ISSUER: THE PARLIAMENT

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The Romania Parliament is adopting this law.

ART. 1

[The Government Emergency Ordinance no 175/1999](#) concerning financial auditing, republished in the Official Journal of Romania, Part I, no. 598 of August 22nd 2003, as subsequently amended, is amended and supplemented as follows:

1. Article 2 shall be amended and it shall contain the following:
“ART.2 – (1) The financial audit is the activity conducted by the financial auditors in order to express an opinion on financial statements or some parts thereof, the exercise of other assurance missions and professional services according to the International Standards on Auditing and other regulations adopted by the Chamber of Financial Auditors of Romania, hereinafter referred to as The Chamber.
(2) The financial auditing includes also the statutory auditing, conducted according to the Law.”
2. At Article 3, Par. (2) and (3) shall be amended and shall contain the following:
“(2) The financial auditors who have acquired this quality and are members of the Chamber, in the independent exercise of their profession, are conducting the following main activities:
 - a) Statutory audit of the annual financial statements and annual consolidated financial statements, in the circumstances provided by law;
 - b) Financial audit of annual financial statements and consolidated financial statements of entities that have chosen to audit their annual financial statements;
 - c) Review engagements of the annual financial statements, consolidated financial statements and interim financial statements;
 - d) Assurance engagements and other professional services and engagements in accordance with the international standards the field and other regulations adopted by the Chamber;
 - e) Internal audit
 - f) The financial auditors may conduct other activities, such as:
 - a) accounting and financial consultancy;
 - b) financial accounting management;
 - c) specialized professional training in the field;

d) auditing, appraisal, judicial reorganization and liquidation, tax consultancy, in compliance with the regulations specific to each of these activities and the principle of independence, as appropriate. "

3. Article 5 shall be amended and shall contain the following:

"Article 5 – (1) The Chamber of Financial Auditors of Romania is established as an autonomous legal person under the law, operating as a professional public utility organization, without patrimonial purpose.

(2) The Chamber is the competent authority that organizes, coordinates and authorizes the conducting of financial audit activity in Romania.

(3) The Chamber issues the following regulations:

a) The Organization and Functioning Regulation of the Chamber, approved by Government decision. The Regulation contains provisions regarding to:

- the management bodies of the Chamber and their election;
- the Chamber's duties and responsibilities;
- the rules and conditions of awarding, respectively of withdrawing the financial auditor quality, under the law;
- professional risk insurance requirements, in the exercise of financial audit;
- rules on the investigation of disciplinary violations, of imposing disciplinary sanctions and disciplinary procedures, under the law;
- other norms, necessary for the fulfillment of Chamber's duties;

b) The Code of Ethics;

c) The Auditing Standards;

d) The Norms on the development of the professional aptitudes exam;

e) The Norms on the quality control procedures of financial audit;

f) The Norms on financial auditors' continuous professional training;

g) The Norms on the minimal audit procedures;

h) The Norms on audit documentation;

i) The Norms on the quality assurance system;

j) The Norms on audit reporting.

(4) The regulations referred to in par. (3). letters b)-j) shall be approved by decisions of the Chamber's Council.

(5) The Chamber has the following attributions:

a) It awards the financial auditor quality and issues authorizations for practicing this profession, as determined by the Organization and Functioning Regulation;

b) It organizes and monitors the financial auditors' continuous training program;

c) It reviews the financial audit quality;

d) It promotes the update of the legislation, by means of the authorized institutions, as well as the Norms on financial and internal audit, in accordance with the rules and regulations of European and International professional institutions in the field.

e) It adopts internal norms on the Chamber's activity;

f) It withdraws the right of practicing the financial auditor profession

of, under the provisions of the Organization and Functioning Regulation of the Chamber;

- g) It ensure the international representation of the Romanian financial auditor profession;
- h) It adopts other rules on statutory audit, in accordance with the law;
- i) It adopts rules, regulations and instructions on applying the present Emergency Ordinance, to ensure the compliance with the law. "

4. At Article 6, Par. (5) shall be repealed.

5. Article 8 shall be amended and shall contain the following:

"Art. 8 – (1) The Chamber's member are financial auditors, physical persons, who, depending on the right to practice the profession, can be active or non-active and legal persons.

(2) The non-active financial auditors are members of the Chamber, incompatible with the practice of the financial auditing activity. The Organization and Functioning Regulation of the Chamber determine the cases of incompatibility, in accordance with the law.

(3) Financial auditors, members of the Chamber are registered in the Public Register, divided in two categories, active or non-active, based on the statements they are filling in.

6. Article 10 shall be amended and shall contain the following:

"Art. 10. – (1) The trainees in financial audit are physical persons who meet the requirements of the Norms approved by the Chamber.

(2) In order to ensure the capacity of applying the theoretical knowledge into practice, the physical person performs a practical training of at least three years, which includes, inter alia, the involvement in the audit of annual financial statements or consolidated annual financial statements. A test of the theoretical knowledge is included in the examination.

(3) The Chamber may establish, by its own rules, the conditions on which derogations may be granted, on the test of knowledge in financial-accounting field, for access for practical training, in order to reduce the time length of work in financial accounting field, required for access to practical training, as well as for access to theoretical knowledge test which is included in the professional competence exam."

7. The title of Chapter III shall be modified and shall comprise the following content:

"The granting of the financial auditor quality, continuous training and mutual recognition"

8. Article 11 shall be amended and shall contain:

"Article 11. - The conditions and criteria to be met by the candidates for obtaining the financial auditor quality are established by the Regulation issued by the Chamber."

9. Article 9 shall be amended and shall contain:

"Article 12. - The Chamber establishes the Norms on the approval of Financial Auditors who were authorized in other EU Member States, as well as for the registration of third countries financial auditors and audit firms."

10. Article 13 shall be amended and shall contain:

"Article 13. - (1) The financial auditor quality shall be awarded based on the professional competence exam, which must certify an appropriate level of theoretical knowledge as well as the ability to apply them.

(2) The exams for awarding the financial auditor quality are organized by the Chamber, according to the Organization and Functioning Regulation of the Chamber. It is forbidden to establish any exemptions from the practical knowledge application test, within the professional competence exam. "

11. After Article 13, two new articles shall be introduced, Articles 13 ^ 1 and 13 ^ 2 with the following content:

"Article 13 ^ 1. - (1) Financial auditors must follow appropriate professional training programs in order to maintain their knowledge and professional competences to a high level. The Chamber issues Norms on the financial auditors' obligations regarding their continuous professional training.

(2) The failure to comply with the continuous professional training requirements shall be sanctioned according to the regulations issued in this regard.

(3) The Chamber adopts the financial auditors' standards of professional ethics and internal quality control.

Article 13 ^ 2 - (1) The Chamber is the competent authority to conduct reviews in order to ensure the quality of services provided by financial auditors.

(2) The Chamber issues norms and procedures for reviewing the quality of the financial audit activity, as well as other activities conducted by the financial auditors, under the law. "

12. Article 17 shall be repealed.

13. Article 18 shall be amended and shall have the following content:

"Article 18. - The financial audit profession may be performed only by persons meeting the conditions of independence and integrity provided by the legislation."

14. Article 19 shall be repealed.

15. The title of the Chamber VII shall be amended and shall contain the following:

"CHAPTER VII

Public oversight "

16. Article 26 shall be amended and shall contain the following:

"Article 26. - The activity of the Chamber shall be conducted under the supervision of the Public Oversight Board of the Statutory Audit Activity, under the law."

17. Articles 27 and 28 shall be repealed.

18. Article 29 shall be amended and shall contain the following:

"Art. 29 - For economic entities whose financial statements must be audited, as well as for entities that choose to audit their financial statements, the audit shall be performed under the present Emergency Ordinance and legislation in force."

19. Article 30 shall be amended and shall contain the following:

"Article 30. -The Ministry of Public Finance establishes and promotes to adoption of draft normative acts regulating the organization and functioning of the Chamber, in consultation with the Chamber and the Public Oversight Board of the Statutory Audit Activity."

20. The title of Chapter VIII shall be amended and shall contain the following:

"CHAPTER VIII

Public Register"

21. Article 31 shall be amended and shall contain the following:

"Article 31. - (1) Financial auditors, active and non-active, shall be registered in the Public Register.

(2) The Public Register is annually published in the Official Journal of Romania, Part I.

(3) The changes in the Public Registry shall be quarterly published in the Official Journal of Romania, Part I."

22. The title of Chapter IX shall be amended and shall contain the following:

"CHAPTER IX

Investigations and Sanctions"

23. Article 32 shall be amended and shall contain the following:

"Art. 32 – The violation of the provisions in the present Emergency Ordinance, as well as of the regulations issued by the Chamber shall draw, where appropriate, administrative or disciplinary liability."

24. After Article 32, another article shall be introduced, Article 32[^] 1, which shall contain the following:

"Article 32 [^] 1. - The deviations for which sanctions are applied, the procedure of findings and sanctioning thereof, and the financial auditor's liability shall be determined by norms issued by the Chamber."

25. Article 33 shall be repealed.

26. Chapter X "Transitional provisions", including Articles 34-37, shall be repealed.

27. Article 38 shall be repealed.

28. At Article 39, Par (2) shall be repealed.

29. After Article 39, another article shall be introduced, Article 40 with the following content:

"Art. 40 - The decisions of the Chamber's Conference, Chamber's Council, as well as the legislation regulating the organization and functioning of the Chamber of Financial Auditors of Romania shall be published in the Official Journal of Romania, Part I."

ART. II

[Government Emergency Ordinance no. 75/1999](#) on the financial audit activity, republished in the Official Journal of Romania, Part I, no. 598 of August 22nd 2003, as amended and with the amendments and completions brought by the present Law, shall be republished in the Official Journal of Romania, Part I, by giving the texts a new numbering.

This law was adopted by the Romanian Parliament, in accordance with [Art. 75](#) and [Art.76 Par. \(2\) of the Romanian Constitution, republished.](#)

