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CAMERA AUDITORILOR FINANCIARI
DIN
ROMÂNIA

Împreună pentru profesie

Together for the profession
20 years of activity

2019

Annual Report



Chamber of Financial Auditors of Romania

Quality, ethics, professionalism
www.cafr.ro

Chamber of Financial Auditors of Romania

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Motto:
*Consolidating the image of financial auditors in Romania remains
a constant concern of CAFR, in a public space reshaping itself.*

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20 YEARS OF EXCELLENCE

Introduction

The Chamber's mission of building, on a solid ground, the identity and public recognition of the auditing profession in Romania, is a permanent concern of the Chamber's Council.

CAFR's main objective is the steady development of the profession and its strengthening in the new context of the audit reform, in order to enable financial auditors, CAFR members, to provide high quality audit services, to the best interest of the public and particularly of the business environment.

CAFR's objectives

In order to fulfil its mission, CAFR pursues its permanent objectives:

- *To develop the auditing profession in Romania, by assuming the responsibility of protecting public interest, seeking to be sure that financial auditors, observe the highest professional and ethical standards;*
- *To represent the auditing profession at national and international level and promote professional interests of financial auditors, CAFR members, against public institutions and national and international professional organizations*
- *To improve the professional quality of financial auditors, through their active participation in professional training and education programmes, organized by the Chamber on an annual basis*
- *To ensure the monitoring system and quality inspections of services provided by CAFR members*

2019 meant 20 years since CAFR's establishment

Organisations of regulated liberal professions seek to satisfy the overall interest of their members and of the society. CAFR has the practical and moral obligation to get close to its members, to the beneficiaries of their services and to the public and keep a permanent contact to them. In this line, our organisation communicates, is open to dialogue, respects and considers the opinion of its members, and of the society in which these operate. It is important to CAFR members that the organisation that represents them builds and expands relationships at national and international level. *Consolidating the image of financial auditors in Romania remains a constant concern of CAFR, in a public space reshaping itself.*

The year **2019** finds the auditing profession in the implementation process of the audit reform.

- CAFR keeps its competences regarding activities noted at art. 3, para. (3) b)-e) and para. (4) lit. a)-c) of Government Emergency Ordinance 75/1999, respectively all financial audit activities, other than statutory audit.
- At international level, CAFR is further recognized as a powerful actor, a full member of the International Federation of Accountants (IFAC), Accountancy Europe, the Common Content Project and the International Federation of French Speaking Chartered Accountants (FIDEF).
- At national level, CAFR is concerned with market needs and the needs of financial auditors, seeking solutions for the assurance of an adequate environment for rendering financial audit services.

” In 2019, we celebrated 20 years since the establishment of the Chamber of Financial Auditors of Romania. 20 years of steady efforts to define and consolidate a new profession in Romania. 20 years during which we have become a strong, visible and active organisation, at national, European and global level. 20 years since when we have focused our activity on our members and their interests. 20 years of quality. 20 years of professional ethics. 20 years of professionalism in everything we do.

”

- The number of its natural person members decreased up to 4570, while the number of its legal person members remained unchanged, i.e. 1013 audit firms.
- CAFR defends fundamental values of the auditing profession: quality, ethics, professionalism.
- In 2019, CAFR was represented in entities of interest to the profession: Ciprian

Mihăilescu, PhD - Central Unit for Internal Public Audit, Associate Prof. Gheorghe Ialomițianu, PhD – first vice-president of the Union of Liberal Professions, Adrian Popescu – President of the Superior Council of the Authority of Public Supervision of the Statutory Audit Activity..



2019 ACTIVITIES

Professional training - annual professional training sessions – over 2985 participants and over 20 free courses for CAFR members

București, 25 October 2019 – the 6th CONGRESS of the auditing profession in Romania

Monthly regional meetings with CAFR members at CAFR Regional Offices

Quality Audit Procedures – revised edition, in partnership with ICAS

Guidelines to the International Internal Audit Standards

The election of CAFR's Discipline Commission

Communication with CAFR members

Launching the project on the development of an audit app

A new CAFR website

Involvement and participation as a full member of the Common Content Project

International visibility

Quality control - over 265 auditors were inspected during 2019

Message of CAFR's President



„ ...the main objective of the Chamber of Financial Auditors of Romania has been and will always be to support its members in exercising their profession and promoting the image of quality, ethics and professionalism of financial auditors. ”



Dear colleagues,

In 2019, we celebrated 20 years since the establishment of the Chamber of Financial Auditors of Romania. 20 years of steady efforts to define and consolidate a new profession in Romania. 20 years during which we have become a strong, visible and active organisation, at national, European and global level. 20 years since when we have focused our activity on our members and their interests. 20 years of quality. 20 years of professional ethics. 20 years of professionalism in everything we do.

All financial auditors and, consequently, the organisation representing them are expected to look beyond numbers: ensure transparency, provide a perspective, analyse and self-analyse, pursue tangible objectives – consistent with day-to-day challenges.

The year 2019 proved the efficiency of the Chamber's new organizational model, considering the achieved results, in accordance with the assumed targets::

- Setting-up an alliance between three professions that belong to the Union of Liberal Professions of Romania (UPLR): **ANEVAR – CCF – CAFR**, with multiple advantages for its members,
- Starting **the expansion of the audit market**
- Launching the **financial statements audit app**,
- Publishing updated **professional guidelines**, that support members in the provision of quality services.

As we enter the digital era – a time of exponential changes, the financial auditing

profession in Romania faces new challenges. The digitalization of transactions and processes, the new technologies and methods will allow auditors to enhance information power in a world that is governed by data. However, data is important only if we know how to collect, interpret and report it. Several routine tasks will be replaced by software and automatisations, but the "human" components like counselling, communication, ethical attitude, professional judgment and skepticism will remain essential. Financial auditors will need to work in accordance with and widely employing technology.

The topic of auditing in future was debated at the large-scale international event organised by CAFR in 2019, the 6th Congress of the Financial Auditing Profession in Romania, whose plenary sessions approached two subject-matters: "regulation and society expectations", "technology and digitalization". The success of the CAFR Congress confirmed the prestige of the financial auditing profession in Romania, at both national, and international level.

But I don't want to focus excessively on the past, as history is important only as long as we learn our lessons and helps us look optimistically to the future.

The coming period, marked by the global pandemic and the measures that have been taken for limiting the effects of SARS-COV 2, will bring unique and unprecedented changes to any society and, consequently, to the financial auditing profession. More than anything, financial auditors will need to keep their professional training at a high level and employ their professional judgment and skepticism at the highest integrity standards. The pandemic is a completely new event, a genuine black swan and we need to learn to quantify its impact on the profession, as well as on the activity of our audit clients.

The Chamber of Financial Auditors of Romania will assist its members, as a professional body, and support financial auditors in overcoming future challenges, given the focussed general effort, that is necessary in exiting this crisis.

Now, more than ever, the profession needs to stay united. Keys thereto are dialogue and

readiness to solid partnerships, as constant factors in all the Chamber's actions, since its establishment. We are constantly ready to be open, cooperate at least with all economic sectors, learn from the more experienced, conclude agreements of partnership and exchange of experiences, provide training to those who need assistance and, through our actions, proceed to the best interest of our members.

Auditors need to be aware of what is going on and understand the time of change has come. The nature of auditing gains new meanings, and adaptability to change is essential. As any other professional, financial auditors need to be agile, ready to learn and develop new skills, fundamental during a time when change is the only constant.

As a strategic and trustworthy partner to all economic sectors, the Chamber of Financial Auditors of Romania will continue to play a central role and provide all levers, so that its members are sufficiently well trained to add value and generate performance for their companies and their clients.

The past year was intense and the future will not lack challenges. We commit to overcome them with trust and the belief that the main objective of the Chamber of Financial Auditors of Romania has been and will always be to support its members in exercising their profession and promoting the image of quality, ethics and professionalism of financial auditors.

Ciprian Teodor Mihăilescu, PhD
President

Message of CAFR's Secretary General

„ We have a united and experienced team and an internal culture that is governed by the interest for the needs of financial auditors ”



In 2019 we celebrated 20 years since the establishment of our professional body. This year was marked by the added value that the Chamber of Financial Auditors of Romania can provide to its members. We tried to answer and react to the changes of the audit service market through internal re-organization, the adoption of new technologies and development of innovative solutions and instruments that help financial auditors to reach their objectives.

We worked hard in order to increase the organizational capacity and focused on developing new skills in our team, so as to provide competitive services to our members and stakeholders.

Though 2019 was a year of change, given the regulatory consequences of Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements, and on the change of several regulations, amending and completing the provisions of the republished Government Emergency Ordinance 75/1999 on financial audit, with all subsequent amendments and completions, we sought new opportunities to expand the audit market, by launching debates with national authorities and agencies, that regulate firms. In this line, we have so far concluded two cooperation agreements, with:

- **The Romanian Franchise Association** (ARF) and

- **The National Agency for Land Registry and Real Estate Publicity (ANCPI)..**

We shall set forth this vast project in 2020, in order to identify those needs of state institutions, that can be transformed into audit services, rendered by CAFR members.

As we have always been guided by innovating thinking, we constantly focus on our members and seek to provide them with efficient tools and instruments, meant to improve their skills and raise their performance. In this line, we fulfilled following tasks, in accordance with the objectives we set at the CAFR Conference in 2019:

- The publication of the **Procedures for Quality Audit**, updated version, in partnership with the Institute of Chartered Accountants of Scotland (ICAS),
- The publication of the **Implementation Guide of Internal Audit Standards**, 2nd edition
- The large - scale testing of a **financial statements auditing application**, that has been launched early 2020
- The translation of the **Guide to Using ISAs in the Audits of Small-and Medium- Sized Entities**, released in 2020.

Increasing the value added by the services rendered by CAFR members to their clients requires a new digital environment. The planned actions thereto will help ensuring a positive feedback of financial auditors, as well as a new perspective for detecting opportunities. In 2019, we aimed to increase the satisfaction of our members with the relationship with the Chamber, as well as to create new experiences for users of the implemented digital solutions:

- **the website www.cufr.ro** was fully reshaped, in a more dynamic format and with a modern design, automatically adjustable to each device (tablet, smartphone, laptop etc).
- **the CAFR e-learning platform**, that ensures the access of all our members to lifelong training, was updated in November 2019, at the upload of the annual courses, with a marker that identifies the completion of each topic

from the structured annual course. This counter, integrated in the course page, allows the visualization, by each participant, of the course completion percentage.

We believe that we are based on quality; throughout the past year we never ceased to prove our devotion to this conviction. We continued to increase the efficiency of our procedures, in order to align our quality assurance and lifelong training systems to the most modern international practices, through our membership in the Quality Audit Network (QAN) and the Common Content Project.

Internally, we continued to strengthen our cooperation with partner professional bodies, by creating an alliance between three UPLR members: ANEVAR – CCF – CAFR. More exactly, this alliance resulted in the organization of the national conferences in 2019 at very close dates: ANEVAR organized the National conference in Bucharest, on April 12, at Ramada Parc Hotel, while CAFR and CCF organized the Conference of financial auditors, respectively the Conference of tax consultants, on April 13, 2019, at Carol Hotel, Bucharest. Hence, the transport and accommodation costs of the common members were lower.

Looking to the future, beyond the challenges of the COVID-19 pandemic, we are aware and determined to pursue our goals and pass the "test of time", so as to stay a visible organization, perceived as a trustworthy partner by users of our services. We believe in the future and adopt innovations that will probably re-define the financial auditing profession in the years to come. We have a united and experienced team and an internal culture that is governed by the interest for the needs of financial auditors. More than ever, we are paying attention to the needs and requirements of our members, we are and will be adjusting, so as to help the profession remain relevant in the current changing and challenging business environment.

Adrian Popescu

Secretary General

20 YEARS OF EXCELLENCE

In 2019, we celebrated 20 years since the establishment of the Chamber of Financial Auditors of Romania.

Established through Government Emergency Ordinance 75/1999 on financial audit, the Chamber of Financial Auditors of Romania responded to the development need of the Romanian society, in the context of connecting our country to modern regulations, consistent with European standards in the field. The Government Emergency Ordinance 75/1999 was prepared with the support of the UK Government, through the Know How Fund and assured the adequate transposition of the 7th Directive of the European Union.

The reform of the accounting profession and the definition of a new profession – the financial auditor, were a component of the economic and institutional reform in Romania, to the purpose of making the transition to a functional market economy, prior to joining the European Union.

As a part of integrating the Romanian economy into the global circuit, the accounting system was adjusted to internationally recognized standards and practices, and financial audit became a safeguard of their consistent application.

The assistance of other experienced organisations, like the Institute of Chartered Accountants of Scotland (ICAS), one of the oldest professional organisations worldwide, was extremely important and supported the alignment of our new organization to the best

known global standards, able to assure the adequate quality of the financial audit services rendered by auditors from Romania.

CAFR went through several development stages and managed to earn recognition at national and international level for a young profession in Romania, by acting with professionalism and perseverance. Through the activity of our members, the financial auditing profession has been granted with increasingly more trust by companies, and strengthened its position among other professions from the economic area.

The 20 years since its establishment were marked by an anniversary logo, printed in the header of all documents and materials that were circulated and sent by the Chamber during 2019.

The anniversary was celebrated on 25 October 2019, at the 6th Congress of the Auditing Profession in Romania, that also marked the Financial Auditor's National Day. In this line, the title of this year's Congress was suggestive: "20 years of maturity for the financial auditing profession in Romania – past, present and future". Over 300 financial audit professionals from Romania and from international organisations attended the event.

The future of the Chamber of Financial Auditors from Romania will be definitely marked by the economic globalisation process and by new challenges, that we will try to overcome with professionalism and competence..

CAFR's fundamental values

- Quality
- Innovation
- Diversity
- Integrity
- Responsibility

4.570

CAFR members
– natural persons

1.013

CAFR members
– legal persons



While gaining its national recognition, CAFR has endeavoured to strengthen and promote itself at international level. Following its consistent actions, the Chamber is currently a full member of the **International Federation of Accountants (IFAC)**, **Accountancy Europe**, the **Common Content Project**, the

International Federation of French Speaking Chartered Accountants (FIDEF), as well as an institutional member of the **International Association for Accounting Education & Research (IAAER)**.



CAFR is headquartered in Bucharest and coordinates five regional offices:

• The first regional office of CAFR was established in 2010 and addresses members from the North-Eastern area: Bacău, Botoșani, Iași, Neamț, Suceava, Vaslui, Vrancea, Brăila, Galați.

Iași



• The second regional office of CAFR, established in 2012, addresses auditors from the Central region: județele Covasna, Harghita, Mureș, Prahova, Sibiu.

Brașov



• The third regional office of CAFR, established in 2014, addresses members from the North - Western area: counties Alba, Bistrița Năsăud, Bihor, Cluj, Maramureș, Sălaj, Satu Mare.

Cluj-Napoca



• The fourth regional office of CAFR, established in 2015 for auditors from the Western area: counties Arad, Caraș-Severin, Hunedoara, Timiș

Timișoara



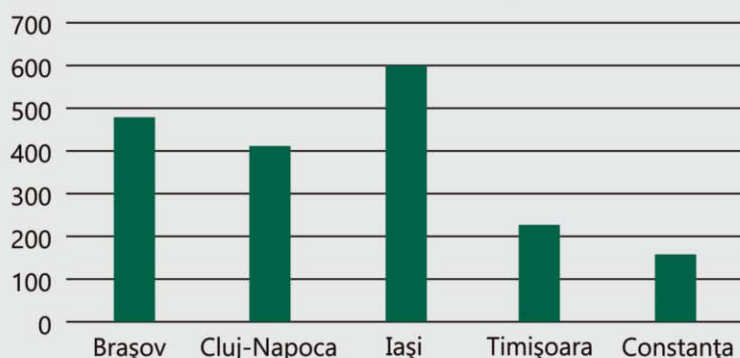
• The youngest regional office of CAFR, established in 2018, for financial auditors from the Eastern and the South-Eastern area: counties Constanța, Călărași, Tulcea.

Constanța

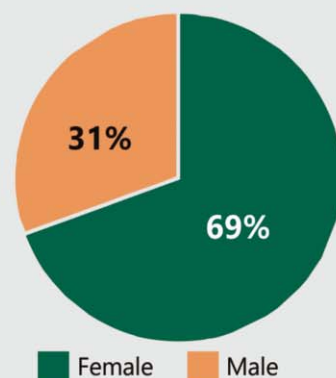


CAFR in 2019

Number of auditors – natural persons as at 31 December 2019, at CAFR Regional Offices



The structure of CAFR members



43

Orders of CAFR's President

70

Resolutions of the Permanent Bureau

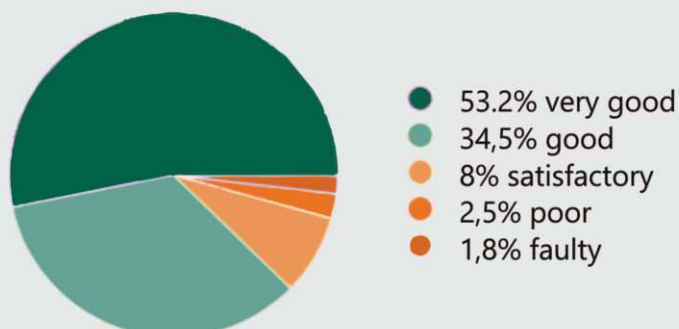
92

CAFR Council Resolutions, out of which **27** de hotărâri were adopted by e-mail and **65** were adopted by vote of the Council's members, expressed at Council meetings.

Members dynamics during the last 3 years

Year	2016	2017	2018	2019
Number of financial auditors as at December 31	4397	4467	4668	4570
Number of audit firms as at December 31	964	960	1005	1013

How would you describe the cooperation with CAFR (at a general level)?



The executive management issued

49

Decisions

265

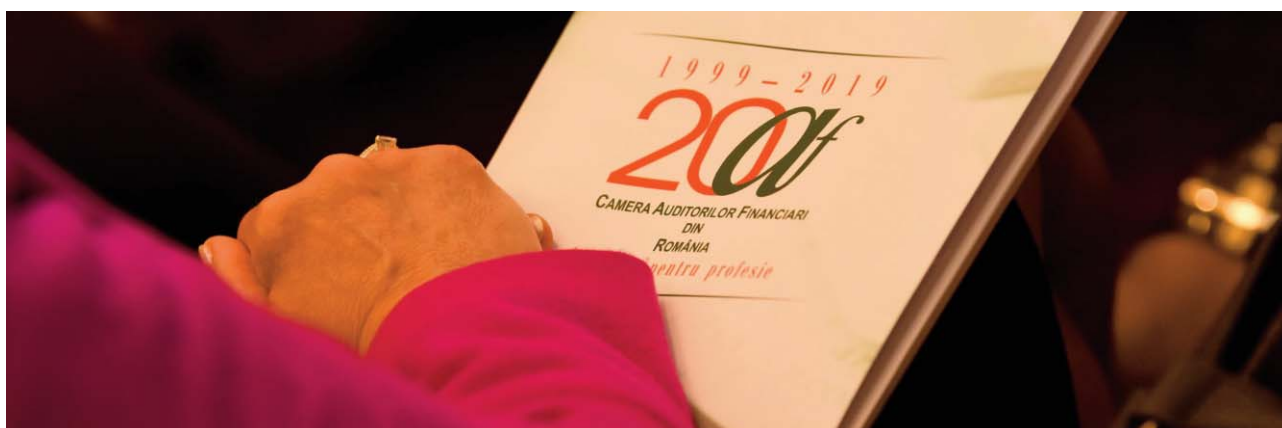
Quality inspections

We continue to provide our members with relevant services, based on the responses to the Questionnaire on the satisfaction of CAFR members, distributed in 2019

Notable events during 20 years of activity

The CAFR National Conference – April 13, 2019

- CARO Hotel, Bucharest
- Over 300 participants, financial auditors
- The election of CAFR's Discipline Commission
- The adoption of two Conference Resolutions:
 1. Resolution no. 1 from 13 April 2019, on the approval of the materials that were presented during the Conference of the Chamber of Financial Auditors of Romania on 13 April 2019, published in the Official Gazette of Romania, Part I, no. 335, from 2 May 2019,
 2. Resolution no. 2 from 13 April 2019 on the result of the vote for electing members of the Discipline Commission of the Chamber of Financial Auditors of Romania, published in the Official Gazette of Romania, no. 339, from 3 May 2019.



The 6th Congress of the financial auditing profession in Romania – October 25, 2019

„Two decades of maturity for the financial auditing profession in Romania – past, present and future”



- JW Marriot Bucharest Grand Hotel
- 21 representatives from 14 international professional organisations
- Over 300 participants from Romania
- 2 plenary sessions and 4 workshops
- Media and mass-media reports
- 36 presentations during the Congress workshops
- 18 sponsors of the event
- Financial Auditor's National Day – celebrated during the Congress



Financial Auditor's National Day

celebrated through a ceremonial act during the CAFR Congress on 25 October 2019, by awarding following prizes:

- *Prizes for inter-institutional cooperation* – The Chamber of Tax Advisors and the National Association of Authorized Romanian Valuers;
- *The prize for remarkable results and the promotion of the profession at national and international level* – Florin Toma, current president of Accountancy Europe;
- *The „steadiness” prize, awarded to the oldest, and still active financial auditor* – univ. prof. Marian Anghelache, PhD;

- The prize „CAFR believes in the future” – univ. prof. Vasile Răileanu PhD, vice-rector of the Bucharest Academy of Economic Studies;
- The prize „CAFR believes in the future” – The Entrepreneurship Association of the Superior Commercial School „Nicolae Kretzulescu”, coordinating professor Hăntuție Cătălin Constantin;
- For the exceptional support granted through active participation in CAFR's working groups, diplomas were awarded to Carmen Mataragiu, Iosif Nazarie, Doina Ștefan, Mircea Poenaru, Vasile Andrian, Corina Listoschi, Diana Vasilescu, Luminița Ristea, Laurențiu Zegrea, Șerban Vasiliu, Corina Țibulcă, Ana Ghimpău, Marilena Berheci.



At the ceremony, we awarded the excellence prizes of the journal "Financial Audit", for the best papers published in 2019, to following authors: univ. prof. Nicoleta Farcane PhD and research assist. Delia Deliu PhD, for the paper "Stakes and Challenges Regarding the Financial Auditor's Activity in the Blockchain Era", and assoc. prof. Daniel Botez PhD, for the paper "Comparative Study at European Level on the Criteria that Determine the Obligation to Audit the Financial Statements and the Organizational Structure of the Statutory Audit Oversight Body".



Cooperation agreements

In a global general framework, no organisation can operate efficiently if isolated. The cooperation with other relevant institutions, that can provide assistance or be a partner for exchanging knowledge, is necessary. Hence, CAFR continued to establish working relationships with partners sharing common interests.

During 2019, we concluded cooperation agreements with:

❖ **Romanian Banking Institute (IBR)**

The agreement regards the development of a cooperation framework, including common actions with regard to education, professional training and promoting the importance of developing the banking system and the financial technology as a growth factor of the business environment.

Based on this agreement, CAFR members who participate in IBR programs (courses, seminars, conferences and/or other events) have a 15% discount from the standard price.

❖ **National Agency for Land Registry and Real Estate Publicity (ANCPPI)**

Through this protocol, CAFR and ANCPPI agreed on cooperating with regard to

common actions and events meant to support and improve the role and the importance of financial audit in increasing company credibility, promote best practices of the financial auditing profession and specific national and international regulations. Partners will inform and advise each other on regulations and working procedures that regard financial audit, within the common interest area, in order to prevent the adoption of inadequate regulations and the inefficient application of current regulations..

❖ **Romanian Franchise Association (ARF)**

CAFR and ARF agreed on cooperating, for identifying those activities that can generate exchanges of experiences with regard to actions and projects that were performed, with the aim that each of the two organisations fulfills its tasks and responsibilities in an adequate and efficient manner.

Both partners will cooperate in the organisation of events, national and international conferences, scientific workshops, roundtables and seminars, on relevant topics to the financial services sector.



Internal activities

During 2019, we organised several professional meetings and events, both with members of the Chamber, and with representatives of the business environment, the academia, other professional organisations from the field, regulatory agencies and authorities, and state institutions.

Just like in every other year, in 2019 we gathered on 13 April at the Annual Conference in Bucharest. At this event, our members decide on the operation of the institution, draft plans for the future, set main directions, and establish main ways to assure the financial resources needed by CAFR. On this occasion, we also elected the members of the Chamber's Discipline Commission, for a 3-year term.

We would like to point to following internal events, at which the Chamber of Financial Auditors of Romania was represented, during 2019:

- 2 February 2019, Cluj Napoca, ANEVAR – *Evaluation for financial reporting and taxation*, Grand Hotel Italia
- 14 – 15 February 2019, Bucharest – *TAX EuForum 2019*, JW Marriott Grand Hotel
- 22 February 2019, Predeal, AFER – *General Assembly*, Continuing Education Centre Predeal „Ion Ghe. Roșca” ASE
- 28 March 2019, Bucharest, ASF – *EduFin Gala* – Financial education at Global Money Week, National Military Club
- 09 April 2019, Bucharest, Chamber of Deputies, Budget, finance and banking commission – *Debate on the Draft Act on the amendment and completion of the Accounting Act no. 82/1991*
- 10 April 2019, Bucharest, UPLR – CEPLIS /Conprofessional, *Meeting on the information regarding the free movement of liberal professionals*
- 10 April 2019, Bucharest – CEPLIS, Chamber of Tax Consultants, *Meeting with the common delegation of the European Council of the Liberal Professions*
- 12 April 2019, Pitești, “Constantin Brâncoveanu” University – The International Scientific Conference “*Accounting and Finance – Universal Business Language*”
- 12 April 2019, Bucharest, Ramada Plaza Hotel – *ANEVAR National Conference*
- 13 April 2019, Bucharest, Caro Hotel – *CCF National Conference*
- 18 April 2019, Bucharest, ONPCSB – *20 years of activity of the Romanian Financial Information Unit*, National Institute of Statistics
- 13 May 2019, Bucharest, World Trade Center – *The communication of the political program of the National Liberal Party*
- 13 – 15 May 2019, Bucharest, Chamber of Tax Advisors – “*Meeting with representatives of liberal professions and representatives of political parties*”
- 31 May 2019, Bucharest, ANEVAR – “*The Evaluators Ball*”
- 06 – 07 June 2019, Alba Iulia, “1 Decembrie 1918” University – The Conference “*Current Issues in Business and Financial Management*”
- 06 – 08 June 2019, FEAA Timișoara – The International Conference “*Current Economic Trends in Emerging and Developing Countries*”
- 27 June 2019, Bucharest, UPLR – *Advisory Committee on SME Development*
- 02 July 2019, Bucharest, Ministry of European Funds – *Informal meeting*
- 04 July 2019, Bucharest, Audit Authority – Professional meeting, *Agreement on the cooperation terms between the two entities*
- 25 July 2019, Bucharest, National Council or Private Small and Medium

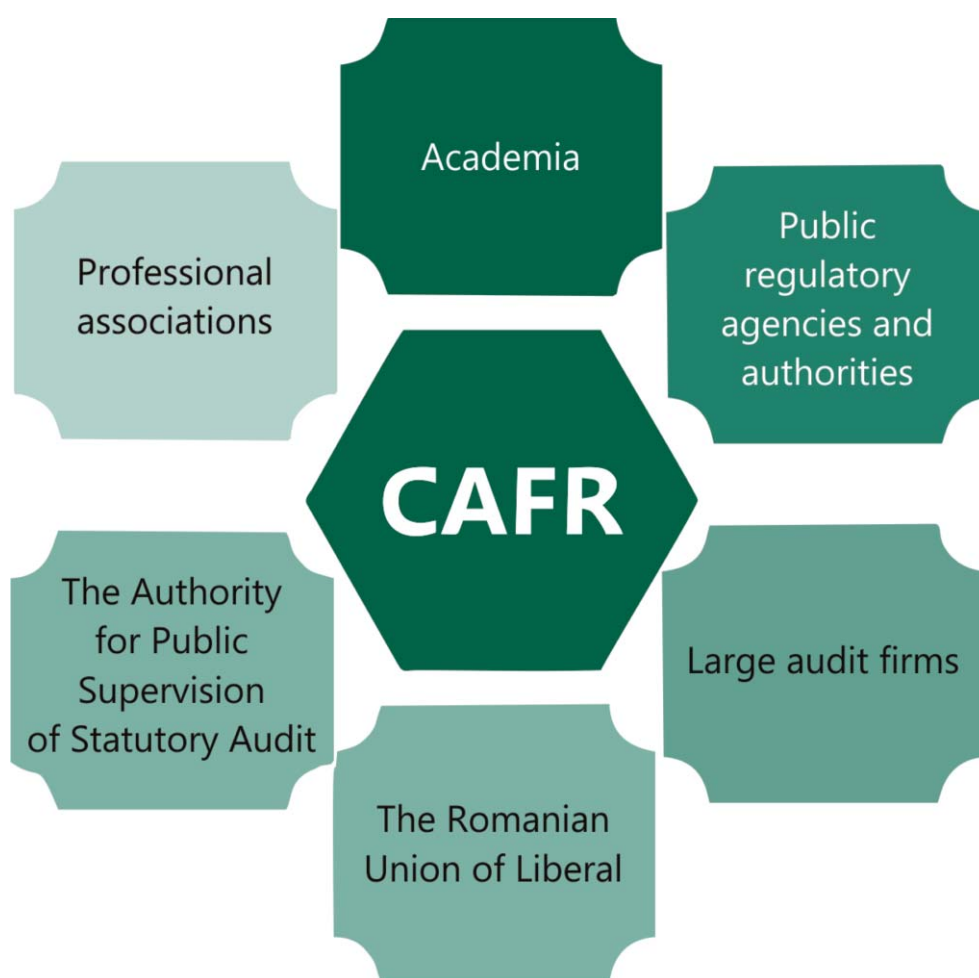
Chamber of Financial Auditors of Romania

from Romania (CNIPMMR) – *The White Charta of Romanian SMEs*, 17th edition, Intecontinental Hotel

- 28 August 2019, Bucharest, Permanent Electoral Authority – *Professional meeting with the President of the Permanent Electoral Authority, on the identification of possible activities and services that can be performed by financial auditors*
- 11 September 2019, Bucharest, National Agency for Mineral Resources (ANRM) – *Professional meeting*

- 17 September 2019, Bucharest, Ministry of European Funds – *Informal meeting*

During 2019, the Chamber strengthened its cooperation with other internal professional organisations and bodies (**The Chamber of Tax Advisors, The National Association of Evaluators, The National Union of Insolvency Practitioners**), as well as with the academia and the **Association of Faculties of Economics in Romania** (AFER).



During a time when competitiveness means success in practice, the Chamber recognizes the importance of consolidating its **relation to the business environment**.

Based on the good cooperation so far, **a meeting between representatives of the Chamber's management and representatives of the largest audit firms in Romania (top 15)** was organized on **28 May 2019**, in order to discuss several issues

regarding financial audit, as well as to clarify the area of application and the interpretation of certain provisions of *Law no. 162/2017 on the statutory audit of annual financial statements and consolidated financial statements and on the amendment of certain regulations (Law no. 162/2017)*, together with relevant institutions.

The relation to the Authority for Public Supervision of Statutory Audit (ASPAAS)

During 2019, the Chamber of Financial Auditors of Romania was open to dialogue and cooperation with the **Authority for Public Supervision of Statutory Audit (ASPAAS)**. In this line, we conducted discussions and had correspondences on the performed activity, to the best interest of the common members.

The Chamber's Secretary General, Adrian Popescu, was re-elected as a president of ASPAAS' Superior Council, as a recognition of the importance and necessity of involving the professional body in the activity of the supervisory authority, even though the Superior Council has an advisory role, with no decision-making power.

Since ASPAAS introduced the reporting platform during 2019, through the Member Services and Assistance Department, the Chamber provided its members with the necessary documents for license and registration in the Member register. Although CAFR asked ASPAAS, in letter no. 3014/20.08.2019, to explain why the reporting to ASPAAS includes documents to prove the license as a financial auditor, other than the auditor certificate, and required the organisation of a meeting to clarify these issues, ASPAAS responded in an inadequate

manner to CAFR's requirement and refused the meeting. Under these circumstances, CAFR released Council resolutions for the auditors registered starting with August 2010, respectively February 2011 for audit firms, as well as written confirmations of license and registration in the Public registry (considering the previous regulations) for financial auditors/audit firms registered with the Chamber prior to August 2010. Up to December 2019, over **2500** documents were released, in order for the financial auditors to report to ASPAAS. CAFR considered that, by requiring documents that were not prescribed by Law 162/2017, ASPAAS excessively increased the bureaucracy of the financial auditing profession. In this context, CAFR submitted ASPAAS, on 17 September 2019, the Pleading on the elimination of bureaucratic barriers from the activity of financial auditors. No response thereto has been received so far.

As a component of the candidate registration process to the professional competence examination, session November-December 2019, the Authority for Public Supervision of Statutory Audit asked the Chamber to present supporting documents for 48 candidates, regarding the training that had been completed at CAFR, the exam sessions on





professional competence, organized by CAFR, that these had attended – if applicable, the exams taken and the associated grades received, at previous sessions of the professional competence exams, organised by CAFR, where appropriate.

The Admission, Lifelong Learning and Trainee department checked, for each nominated candidate, the information required by ASPAAS and prepared individual reviews, that were communicated to the supervisory authority in letters no. 4097/06.11.2019 and 4146/07.11.2019.

We communicate to ASPAAS on a regular basis, to information purposes, the resolutions of CAFR's Council on appointments as members of the Chamber, on withdrawals of the member quality and the suspension of the activity as a member of the Chamber.

ASPAAS was constantly informed on several differences between the Public electronic register and the CAFR member register (letters no. 1852/09.05.2019, no. 2107/22.05.2019, no. 2746/05.08.2019 and 3993/06.11.2019/3993/28.11.2019)

Given the existence of certain divergences on the understanding and the application of Law 162/2017 and the lack of a constructive

dialogue between ASPAAS and CAFR, several law suits between the two institutions were filed during 2019, in order to clarify several divergent issues, e.g. on: CAFR's contribution to the funding of ASPAAS, the licensing of persons holding an ACCA and ICAEW qualification, the annulment of certain ASPAAS Orders, according to which persons holding an ACCA or ICAEW qualification were registered in the Public electronic register, taxes and contributions collected by CAFR.

Shortly, we would like to inform members of the profession that the relation to ASPAAS is difficult, no invitation to communicate that was initiated by the Chamber had a positive response, despite the Chamber's permanent desire to cooperate with the supervisory authority.

During 2019, several letters were submitted to ASPAAS, requiring cooperation on meaningful subject matters to the profession, such as:

- **The initials issuance.** ASPAAS decided on the issuance of temporary initials; this document is not mentioned by Law no. 162/2017, as there is no regulation to require such initials. The communication with CAFR on this topic and the identification of a common solution were not desired, despite the correspondence on this subject matter.
- **Professional training.** Though CAFR submitted ASPAAS a draft Cooperation agreement on the professional training recognition of financial auditors, and required, in letter no. 273/22.01.2019, a common analysis of the appropriateness of recognizing the professional training, in favour of financial auditors, the supervisory authority refused the cooperation with CAFR once more and preferred to recognize professional training provided by CECCAR or CCF. This uncooperative attitude, to the detriment of financial auditors, can't be understood by CAFR.
- **ASPAAS doesn't admit administrative documents (Certificates and Authorisations) that were issued by CAFR, as supporting documents for the awarding of the license as a financial auditor.**
- ASPAAS challenged the role of CAFR as a competent authority in its area of operation, regarding the regulation and

monitoring of financial audit activities in Romania, other than statutory audit.

Another subject matter of 2019 was the disciplinary-administrative investigation, started by ASPAAS against members of CAFR's Council, that relied on no written procedure and was not performed by the therefor authorized component of ASPAAS, i.e. the Discipline Commission.

On 12 March 2019, all members of the Chamber's Council were noticed by ASPAAS, at the CAFR Head Office, of a *disciplinary-administrative investigation*. The notices had no attached documents, claims or self-claims, with the specification „for the execution of the **procedure on the disciplinary-administrative investigation**".

No disciplinary procedure had **been approved and published**, by that time, according to the transparency principle, that could have been a legal basis to a possible *disciplinary-administrative investigation* executed by ASPAAS, through its Discipline Commission.

All members of CAFR's Council were summoned to the Head Office of ASPAAS on 20 March 2019, and those members that arrived at the Head Office were informed that they had been summoned **for the purpose of a hearing**. The hearing was planned to take place in front of several persons (ASPAAS employees – public servants), and not in front of the Discipline Commission of ASPAAS, as it would have been legal, as the Discipline Commission is the only structure of the supervisory authority, that is entitled to execute a disciplinary investigation of members of CAFR's Council, according to art. 83, para. 83c, Law no. 162/2017.

Since ASPAAS couldn't provide the members of CAFR's Council with a disciplinary procedure, adopted for the purpose of executing the administrative – disciplinary investigation that they had been summoned to, and doubting the competence of the Analysis Commission that had been appointed by ASPAAS – consisting of ASPAAS employees, the hearing couldn't take place.

Subsequent to 20 March 2019, CAFR's Council hasn't been informed by the supervisory authority on whether the initiated procedure has had any result, if it has been suspended, interrupted or completed in any way.

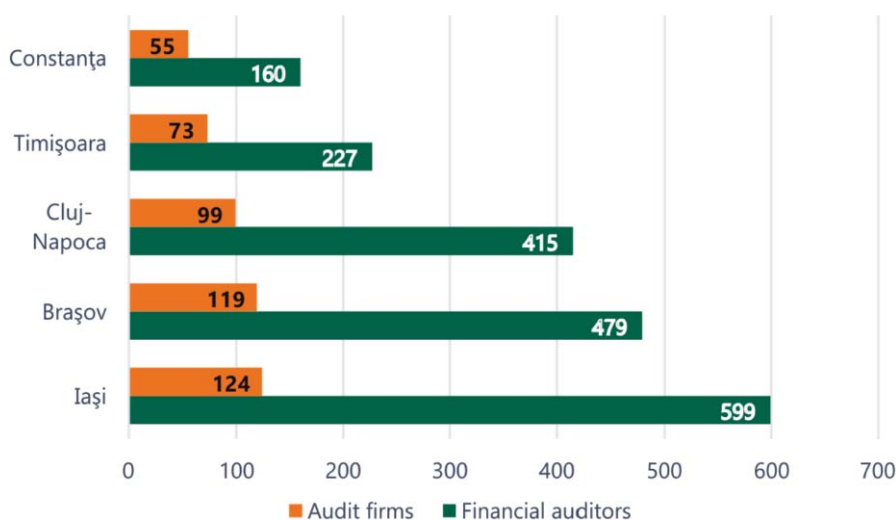


Activity of CAFR's regional offices

The mission of the regional offices is to support members from the respective areas, by providing access to the Chamber's current activities. Moreover, the regional offices serve the professional interest of CAFR members by

assuring their visibility at regional level, by networking with the business and institutional environment, as well as with the academia.

Distribution of CAFR members within the five regional offices at 31 Decembre 2019



During 2019, the main goal of CAFR's regional offices was to support members of the Cham-

ber throughout the country, by:



CAFR's regional offices organised, during 2019, **18 professional meetings with members from the respective jurisdictions**, for the purpose of presenting and debating current professional topics regarding their activity, such as: *The single tax declaration 2019 – practical effects, Transfer prices at European level, The internal audit report, The effect of cooperating with evaluation advisors in auditing fair value, The amendments*

prescribed by Order no. 1802/2014 and Order no. 2844/2016 and their effect on statutory audit, The consolidation of financial statements, Auditing fair value, The most recent regulatory changes in the Tax Code, Practical issues and effects on the financial audit activity of the mandatory insurance policies against professional risk, Knowledge and application of regulatory changes regarding financial audit.

Quality assurance system

Scope

During 2019, the quality reviews included financial audit engagements, other activities and professional services performed by 265 financial auditors, out of which **111 (42%)** are natural persons and **154 (58%)** legal persons, originating in Bucharest and the following counties: Alba, Argeş, Bistriţa-Năsăud, Brăila, Braşov, Buzău, Călăraşi, Cluj, Constanţa, Covasna, Dâmboviţa, Dolj, Galaţi, Giurgiu, Gorj, Harghita, Ialomiţa, Iaşi, Ilfov, Mureş, Olt, Prahova, Sibiu, Suceava, Teleorman, Tulcea, Vâlcea and Vrancea.

Through the Monitoring, Control, Professional Skills and Investigation Department

(CMCCCP), CAFR reviews the quality of financial audit, other than statutory audit, as well as of activities and professional services performed by financial auditors, natural persons and audit firms, according to the law.

In order to fulfill its attributions prescribed by art. 5 para. 6.b of *Government Emergency Ordinance no. 75/1999 on financial audit*, CMCCCP reviewed the quality of the activity of financial auditors, natural persons and audit firms, CAFR members.

Compared to similar periods from prior years, the scope of the quality review evolved as follows:

Period	Inspected auditors, of which:	Evaluated auditors	Financial auditors – natural persons total/evaluated	% total/evaluated	Audit firms total/evaluated	%total/evaluated
2019	265	199	111/78	42%/39%	154/121	58%/61%
2018	386	313	201/148	52.1%/47.3%	185/165	47.9%/52.7%
2017	305	293	142/133	47%/46%	163/160	53%/54%
2016	301	290	148/141	49%/49%	153/149	51%/51%
Dynamics						
2019/2018	66%	64%	56%/53%	X	83%/73%	X
2018/2017	126%	107%	141%/112%	X	113%/103%	X
2017/2016	101%	101%	96%/94%	X	107%/107%	X
2016/2015	98%	99%	72%/73%	X	150%/148%	X



The data above show that, out of the **165 members of the Chamber, that were inspected during 2019, 199 financial auditors** were rated.

As to those financial auditors who were not rated, the quality reviews were completed through a constatory note, as these either performed only statutory audit engagements, or other activities that are not reviewed by

CMCCCP, such as financial consultancy, internal audit at public institutions, or referred in the annual report only at advance payments received for engagements that are still to be completed.

The number of financial auditors who performed engagements of other nature and financial audit, or just engagements of other nature, is as follows:

No	Activity	Number of financial auditors who performed engagements of other nature and/only financial audit engagements, other than statutory audit	Number of financial auditors who performed only engagements of other nature	Total number of financial auditors who performed engagements of other nature
1	Proceduri	19	75	94
2	Audit intern	9	55	64

Conclusions and results of quality reviews performed during 2019

Rating	Audit firms		Natural persons		Total 2019		Total 2018		Total 2017	
	number	%	number	%	number	%	number	%	number	%
A	103	67%	60	42%	163	61%	187	48%	167	55%
B	17	11%	13	12%	30	11%	88	23%	72	24%
C	1	1%	4	4%	5	2%	33	9%	39	13%
D	0	0%	1	1%	1	1%	5	1%	15	5%
Sub-total	121	79%	78	70%	199	75%	313	81%	293	96%
No rating	33	21%	33	30%	66	25%	73	19%	12	4%
Total	154	100%	111	100%	265	100%	386	100%	305	100%

The review of the observance, by inspected financial auditors, of regulations on preventing and fighting money-laundering and the financing of terrorism

An important objective of the quality reviews performed by CMCCCP regards examining the observance of the Chamber's regulations on money laundering. More exactly, besides the issues that are reviewed by the CMCCP inspectors in this field, several items, prescribed both by the Law on preventing and fighting money laundering and financing of terrorism, and by CAFR's Resolution no. 68/2015 on the approval of the *"Regulations regarding measures to prevent and fight money laundering and financig of terrorism, to be taken by financial auditors"* are examined based on a questionnaire, prepared together with the representatives of ONPCSB. For example, they check whether financial auditors documented the classification of their clients based on the associated risk, as well as whether they identified the real beneficiary for each client.

Based on the total number of **265 quality reviews** performed during 2019, following issues were noticed, with regard to the extent to which CAFR members observe the provisions of the *Law on preventing and fighting money laundering and financing of terrorism, and of CAFR's Resolution no. 68/2015*:

- Financial auditors who didn't appoint, through an internal decision, a responsible person for the application of the provisions on preventing and fighting money laundering;
- Financial auditors who didn't notify ONPCSB on the appointment of a responsible person for the application of the provisions on preventing and fighting money laundering;
- Financial auditors who didn't provide training of the employees on preventing and fighting money laundering and financing of terrorism;
- Financial auditors who didn't document the classification of their clients based on the risk;
- Financial auditors who didn't take the necessary measures, according to the risk associated to each client, respectively

standard measures, simplified measures or additional measures;

- Financial auditors who didn't apply the policies and procedures regarding the knowledge of their clients and didn't identify the real beneficiary for each client;
- Financial auditors who didn't check on the existence of an international penalty against the client's shareholders, on the ONPCSB website, especially in case of legal persons whose shareholders are foreign citizens.

The financial auditors who were reviewed during 2019 didn't identify, during the performed engagements, any transactions under suspicion of money laundering or financing of terrorism.

The Monitoring, Control, Professional Skills and Investigation Department managed during 2019 the testing of an audit application, meant to simplify and organize the audit of financial statements more efficiently, with the aim to maintain a high professional quality of the services rendered by the Chamber's members. The test was performed both internally, by CMCCCP employees, and by work committees consisting of about 50 auditors – natural and legal persons, from several counties in Romania.

At the date of the present annual report, the audit application has already been launched and is available for purchase. It is based on the most recent edition of the Procedures for a Quality Audit, 2019 edition and it meets the needs of small and medium audit firms.



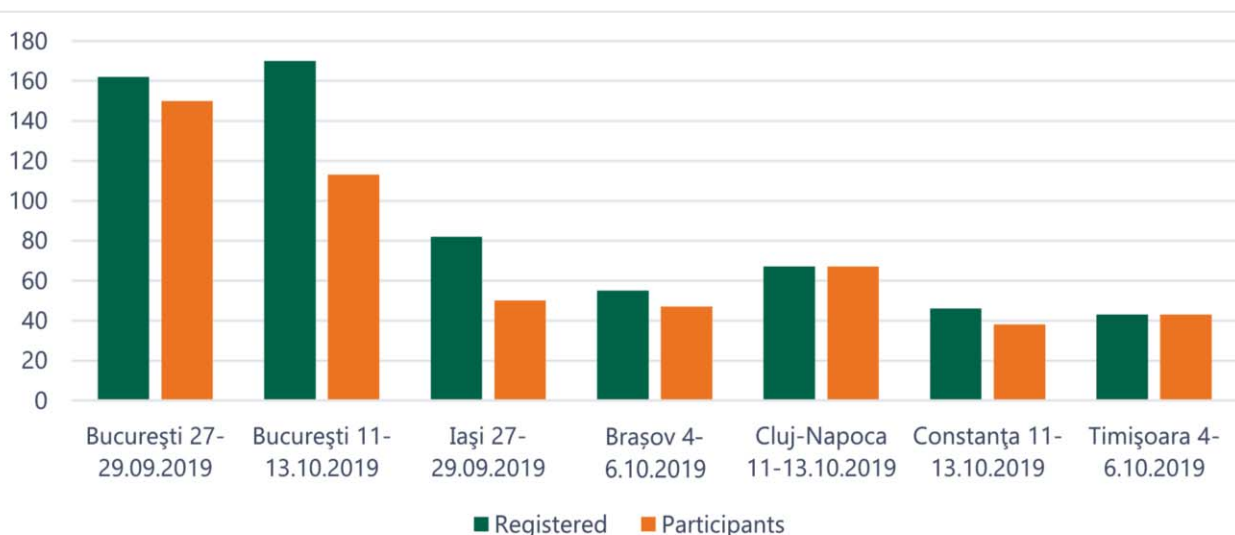
Continuous professional development

The Chamber is meant to continuously provide opportunities of professional development to its members and preserve their professional competence. CAFR's **Annual program of continuous professional development** is based on the suggestions of its participants, as well as the new regulatory trends in the financial and accounting area.

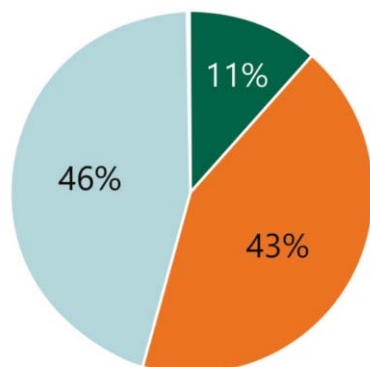
Continuous professional development is **mandatory** to all members of the Chamber, active or non-active financial auditors and consists of **40 hours/year: 20 hours of structured training and 20 hours of non-structured training**.

2019 was the 8th year during which the annual structured training of the auditors was provided solely by CAFR (in a classic and an e-learning format). Besides the **structured courses**, members are offered 20 hours of **non-structured courses**, through the e-learning platform.

Classic courses were organized between **27 September – 11 October 2019** in Bucharest and at every CAFR regional office.



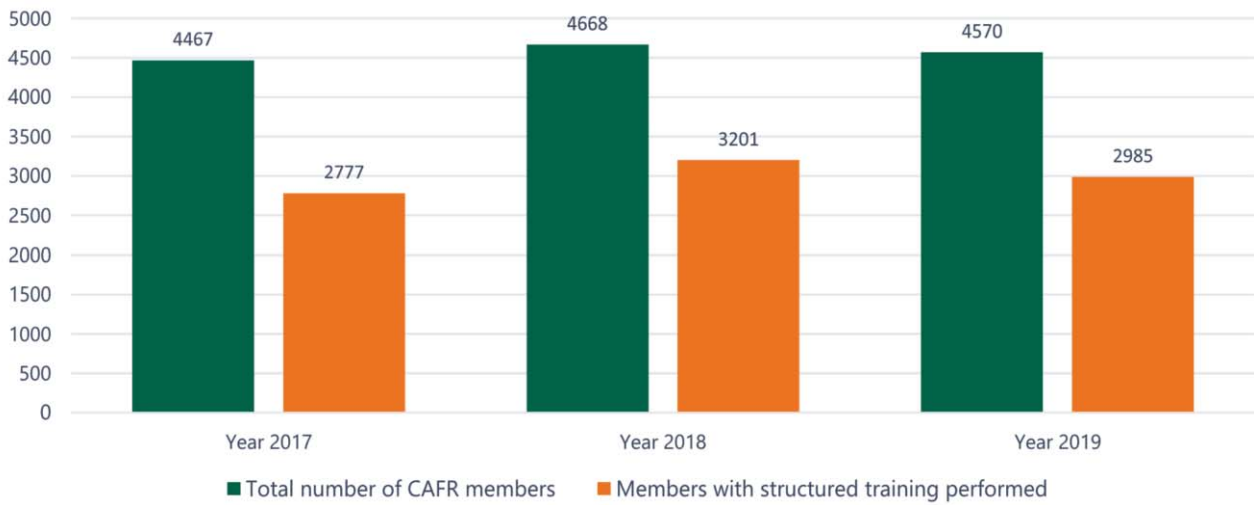
Conducting the structured course for 2019



By the date of the present report, **2985 out of the 4570 members of the Chamber** met their obligation of attending structured courses for the year 2019

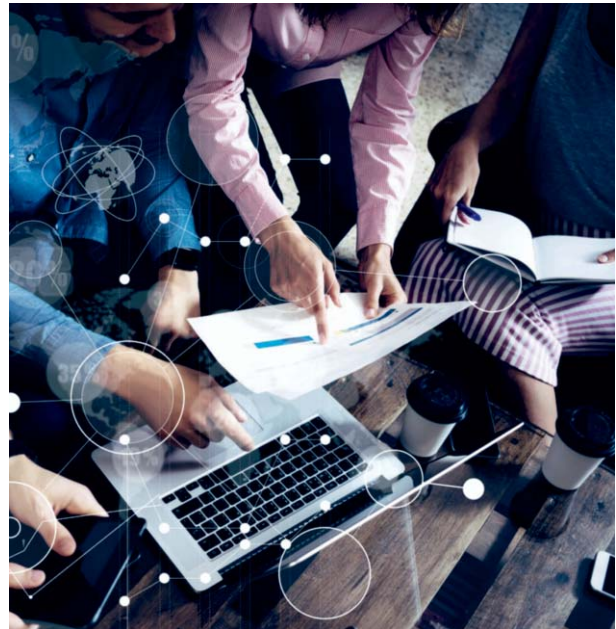
- Carried out structured course in classical system
- Carried out structured course in e-learning
- Course not completed

The evolution of the professional training of CAFR members



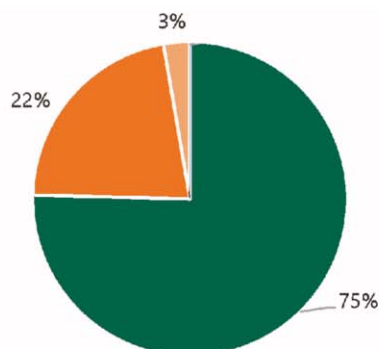
Training courses provided by CAFR during 2019:

- **Structured training courses** – 20 hours (classic system and e-learning system);
- **Non-structured training courses** – 20 hours (e-learning system);
- **Courses for B, C or D-rated auditors, ranked as such following quality reviews during 2019** – 10 hours (e-learning system);
- **Training seminar on money laundering**, organised with the support of the National Office for Preventing and Fighting Money Laundering (ONPCSB), at the CAFR Head Office from Bucharest, on **9 May 2019**.

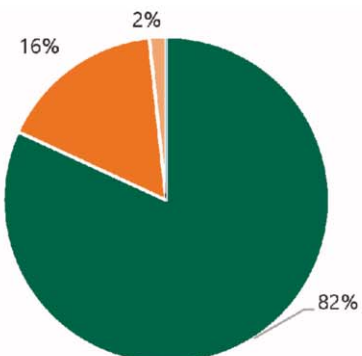


Satisfaction degree of participants in training courses provided by CAFR

The usefulness of the course theme

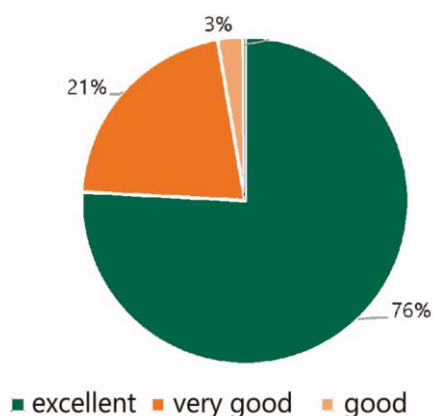


Logistics facilities and locations



■ excellent ■ very good ■ good

The degree of documentation of the course support



The e-learning platform

2019 was the 4th year during which the e-learning platform was in service. The e-learning platform was created to meet the needs of the Chamber's members and follows the modernisation trend of the access to training, based on the use of digital tools. In

this manner, access to training is provided 24 hours a day, 7 days a week and individual participants can manage their professional training fast and efficiently (enrolling, watching the videos, downloading certificates of participation), with low costs and saving travelling time.



Updating the e-learning platform is a continuous process and a permanent objective of the Chamber. In November 2019, along with the upload of the annual courses, we introduced a marker that indicates the

completion of the topic visualization. The marker is embedded in a counter on the structured training page, so that the course participant is able to observe the course completion percentage.



Litigation cases of CAFR

For transparency towards CFR members, we would like to inform you that during the year 2019 we started the most litigation since the

establishment of the Chamber. Most litigations are between CAFR and ASPAAS.

Litigations in which CAFR is a *claimant* and ASPAAS is a *defendant*

File - Court	Subject
1 File no. 1630/2/2019 – Bucharest Court of Appeal	Annulment of the administrative document, Order of the ASPPAS President no. 60/2018, on the management procedure of the annual contribution owed by CAFR
2 File no. 1067/2/2019 - Bucharest Court of Appeal	Annulment of the Order of the ASPAAS President no. 69/2018 on the partial revocation of the Order of the ASPAAS President no. 27/2018 on the approval of CAFR's Council Resolution no. 117/2017.
3 File no. 11368/3/2019 – Bucharest Tribunal	Annulment of the payment notice for the 2 nd tranche of CAFR's contribution to ASPAAS in 2018.
4 File no. 30692/3/2019 – Bucharest Tribunal	Annulment of the payment notice for the 2 nd tranche of CAFR's contribution to ASPAAS in 2019.
5 File no. 31975/3/2019 – Bucharest Tribunal	Annulment of the ASPAAS payment notice.
6 File no. 21665/302/2019 – 5 th District Court	Appeal to the enforcement proceeding started by ASPAAS for the bank attachment of CAFR by ANAF, for payment of additional liabilities associated to the contribution in 2018.

Litigations in which ASPAAS is a *claimant* and CAFR is a *defendant*

File - Court	Subject
1 File no. 757/2/2019 – Bucharest Court of Appeal	Annulment of CAFR's Council resolution no. 70/2018 on the amendment and completion of CAFR Resolution no. 35/2014 on the approval of contributions and taxes of CAFR members.
2 File no. 1369/2/2019 – Bucharest Court of Appeal	Partial annulment of the Order of ASPAAS President no. 27/2018, on the approval of CAFR's Council Resolution no. 117/2017 (para. 1-13 and 15 – ACCA members), on the licensing of certain financial auditors.
3 File no. 1371/2/2019 – Bucharest Court of Appeal	Partial annulment of the Order of ASPAAS President no. 27/2018, on the approval of CAFR's Council Resolution no. 117/2017 (para. 14 and 16 – ICAEW members) on the licensing of certain financial auditors.
4 File no. 1481/2/2019 – Bucharest Court of Appeal	Annulment of the Order of ASPAAS President no. 28/2018 and annulment of the Order of ASPAAS President no. 31/2018, on the approval of CAFR resolutions on the registration of certain financial auditors in the Public electronic register.

Other pending litigations of CAFR

File - Court	Subject
1 File no. 4446/2/2016 – Bucharest Court of Appeal	CAFR (claimant) requires the 5th District Department of Local Taxes to annul certain decisions imposing taxes on buildings, land and means of transportation issued in 2016 for the period 2011-2016 (during which CAFR didn't owe such taxes)
2 File no. 3553/2/2017 – Bucharest Court of Appeal	CAFR (claimant) requires the Competition Council to annul the Order of the President of the Competition Council no. 357/10.09.2014 on the start of an investigation and on the Competition Council Resolution regarding the finding that CAFR infringed the provisions of art. 5 para. (1) of the Competition Act, as well as art. 101 of TFUE
3 File no. 735/2/2015 – settled by High Court of Cassation and Justice in appeal	The litigation was settled during 2019, in favour of CAFR (defendant). The audit firm Prim Audit SRL had required CAFR damages, as it hadn't been registered on The list of auditors who are entitled to audit European funds.

International activity

• The International Federation of Accountants (IFAC)

As a full member of the International Federation of Accountants, CAFR is represented in IFAC's Professional Accountancy Organization Development Committee (PAODC).

In the summer of 2019, the responses of CAFR to IFAC's Action Plan, as a component of the Member Body Compliance Program, were updated..

• Accountancy Europe

We continued to prepare and communicate each term the country reports for the meetings of the Working party "Audit and Assurance", as well as for the Member Meetings. Hence, we presented the most recent issues on professional development and on the transposition of European regulations in the Romanian law.

During 2019, Accountancy Europe started the "Young leaders" program, in order to support initiatives of young professionals at European level. This is the opportunity of CAFR to give young professionals the chance to communicate their standpoint on how strategic objectives are reached, the influence on decision factors and the contribution to the

configuration of the profession's future. The Chamber is represented in the project by Vasile Andrian, Partner, Head of Audit & FAS, Mazars and Sorin Moldovan, Managing Partner, Moldovan & Partners.

CAFR has further accepted to join another project of the European body, i.e. Members Engagement Day, a large annual event, meant to bring together representatives of different technical parties, in order to facilitate communication and information on all projects and stages of various studies that were prepared within the organization.

During 2019, representatives of the Chamber attended following events and meetings of Accountancy Europe's working parties: "Audit and Assurance", "Anti-Money Laundering", "Small and Medium Practitioners", "Corporate Reporting", "Communications Network", as well as all Member Meetings, organised in Brussels, Belgium:

- Meeting of the working party „Anti-Money Laundering”, 12 February 2019
- Cocktail organised by Accountancy Europe and the European Parliament, on the issue of the European Parliament elections and the role of the audit professionals from Europe in the Union's future, 15 May 2019

- Meeting of the working party „Communications Network”, 16 May 2019
- Accountancy Europe General Assembly, 18-19 June 2019
- The conference „Corporate Governance: a Driver of Sustainable Finance”, 26 June 2019
- Members' Engagement Day, 1-2 October 2019
- Meeting of the working party „Anti-Money Laundering”, 8 October 2019
- Digital Day 2019 – „What are the innovation costs?”, 19 November 2019
- Meeting of the working party „Audit and Assurance”, 29 November 2019
- Accountancy Europe General Assembly, 10-11 December 2019

- Meeting of the working party „Corporate Reporting”, 17 December 2019

● Accountancy Profession Strategic Forum (APSF)

CAFR is an active participant in the working meetings of the Quality Audit Network for the audit of entities that are not public interest entities (QAN-Audit). During 2019, two such meetings were organised:

- Amsterdam, 16-17 May 2019, and
- Vienna, 19-20 November 2019.

QAN-Audit was established in 2015, as a proactive project for improving audit quality and promoting best practices in risk-based monitoring of quality assurance, in the audit of entities that are not public interest entities.



The QAN-Audit network brings together representatives of professional bodies from Romania, the UK, Bulgaria, Greece, Malta, Portugal, Estonia, Lithuania, Slovakia, Poland, the Netherlands and the Republic of Moldova. It is expanding in other European jurisdictions.

• The Common Content Project

The mission of the Common Content Project (CCP) is to establish, maintain and harmonise the educational requirements of the access to the financial auditing profession, as well as of the lifelong training, prescribed by national regulations, that reflect challenges of globalisation, mobility and various stakeholders.

CAFR was represented at following meetings of the Steering Groups during this year:

- Madrid, 1-2 April 2019,
- Viena, 2 September 2019,
- Phone conference on 25 November 2019.

A Chamber representative was appointed in the *Working Committee on Educational Issues* of the Common Content Project (CCP), as well as in the *Working Committee on Strategy Update*, as a large consultation on the CCP strategy review started in 2019.

• Other participations of CAFR in international events:

- Conference of the European Federation of Accountants and Auditors for Small and Medium-Sized Enterprises (EFAA), *Reporting of non-financial information by SMEs: looking for a sustainable and right development*, 19 February 2019, Brussels, Belgium;
- ACCA's 9th International Public Sector Conference, 28 February – 1 March, Prague, Czech Republic;
- 8th International Scientific Conference organised by the Association of Professional Accountants and Auditors from the Republic of Moldova (ACAP) and the Academy of Economic Studies of Moldova (ASEM), *Accounting and Accounting Education in the Digital Society*, 4-5 April 2019, Chişinău, Republic of Moldova;
- Accountancy Profession Strategic Forum (APSF) 2019, 11 April 2019, Malta;
- General Assembly of The Institute of Certified Public Accountants of Cyprus (ICPAC), 26 June 2019, Nicosia, Cyprus;
- Conference of the European Federation of Accountants and Auditors for Small and Medium-Sized Enterprises (EFAA), *Building the Digital Practice*, 27 June 2019, Amsterdam, The Netherlands;
- 23rd Congress of the Association of Auditors and Accountants from Republika Srpska, 18-20 September 2019, Banja Vrucica, Republika Srpska;
- General Assembly of the International Federation of French Speaking Chartered Accountants (FIDEF), 24 September 2019, Paris, France;
- 74th Congress of the Order of Chartered Accountants from France (OEC), *The chartered accountant – in the center of interactions*, 25-27 September 2019, Paris, France;
- 6th Euro-Asian Forum of Accountants and Auditors, 10-12 October 2019, Baku, Azerbaijan;
- Annual seminar on accounting of the United Nations Conference on Trade and Development (UNCTAD), 29 October 2019, Geneva, Switzerland;
- 36th Session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) of the United Nations Conference on Trade and Development (UNCTAD), 30 October – 1 November 2019, Geneva, Switzerland;
- Event organized by the Institute of Chartered Accountants in England and Wales (ICAEW) *"2019. Women in finance: Perspectives from across Europe"*, 21 November 2019, Brussels, Belgium.

Disciplinary actions

At the CAFR Conference, on April 13, 2019, we elected the members of the Discipline Commission, on a 3 years-term.

Members of the Discipline Commission, elected in 2019, are the following:

- univ. prof. **Gheorghe Popescu** PhD, CAFR member since 2000,

- **Mihai Hură**, CAFR member since 2001,
- **Ion Manole**, CAFR member since 2001.

CAFR's Discipline Commission was established following the amendments to the Government Emergency Ordinance no. 75/1999, prescribed by Law no. 162/2017. The Discipline Commission of CAFR works according to the Regulation governing the organisation and operation of the Chamber, adopted through CAFR Council's Resolution no. 84/2018, published in the Official Gazette of Romania, issue 983/2018.



The Discipline Commission of the Chamber applies followings sanctions to financial auditors and audit firms :

- a) public warning, with the nomination of the responsible person and the nature of the offence, published on the Chamber's website;
- b) disciplinary penalty, amounting to two to six gross national minimum wages, applicable to financial auditors;
- c) disciplinary penalty, amounting to 0,5% - 2,5% of the annual sales figure for statutory audit, applicable to audit firms;
- d) suspension of operation, for 1-3 years, during which financial auditors or the audit firms may not perform one or

more activities under art. 3, para. 3 b)-e) and para.4 a)-c).

If the Discipline Commission finds serious offences, that require the withdrawal of license for a financial auditor or an audit firm, the Commission communicates the proposed sanction to ASPAAS, for the purpose of a competent resolution.

During 2019, the Discipline Commission gathered in three meetings, in July, September and December, and issued resolutions on two disciplinary files, that were not followed by the application of disciplinary sanctions.

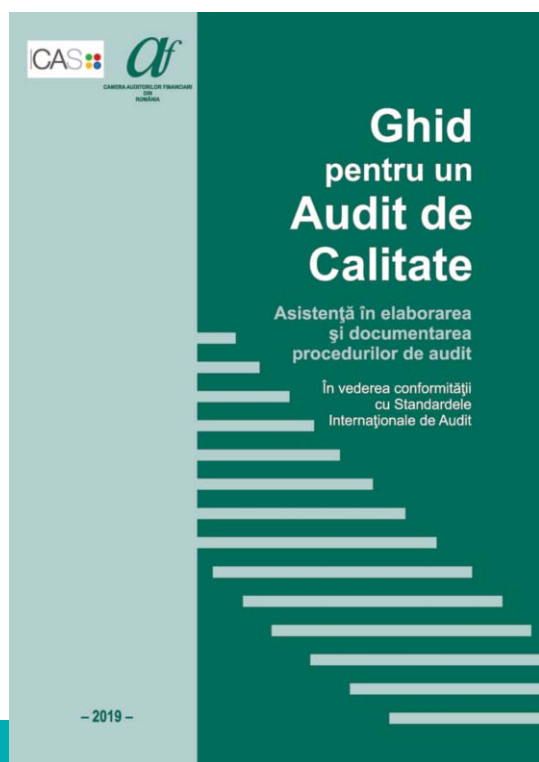
Publications

CAFR translated and published the **Procedures for Quality Audit, 2019 edition**, in partnership with the Institute of Chartered Accountants of Scotland (ICAS).

The procedures can be used in financial audit, especially for auditing small and middle-sized entities and include the key ISA principles, for encouraging auditors to apply an audit approach that is adequate to the specific circumstances of the individual audit engagement.

We published the second edition of the **Guidance on the Implementation of the International Internal Audit Standards, 2019 edition**, as a real support in practice both for financial auditors – coordinating internal audit in organisations, and for members of internal audit teams.

The guidelines include general recommendations that can be adapted to individual cases for specific fields and provide guidance on applying best practices in the field.



IFAC orientation and assistance publications

- Clarifying questions (Q) and answers (A)
– Responding to Non-compliance with Laws and Regulations – Noclar – Professional Accountants in Public Practice
- Clarifying questions (Q) and answers (A)
- Responding to Non-compliance with Laws and Regulations – Noclar – Professional Accountants in Business

Accountancy Europe orientation and assistance publications

- Simplifying withholding tax procedures
- Audit exemption thresholds in Europe – 2020 update

“Audit Financiar” Journal

During 2019, “Audit Financiar” Journal was published on a quarterly basis, including papers of authors from Romania and from abroad.



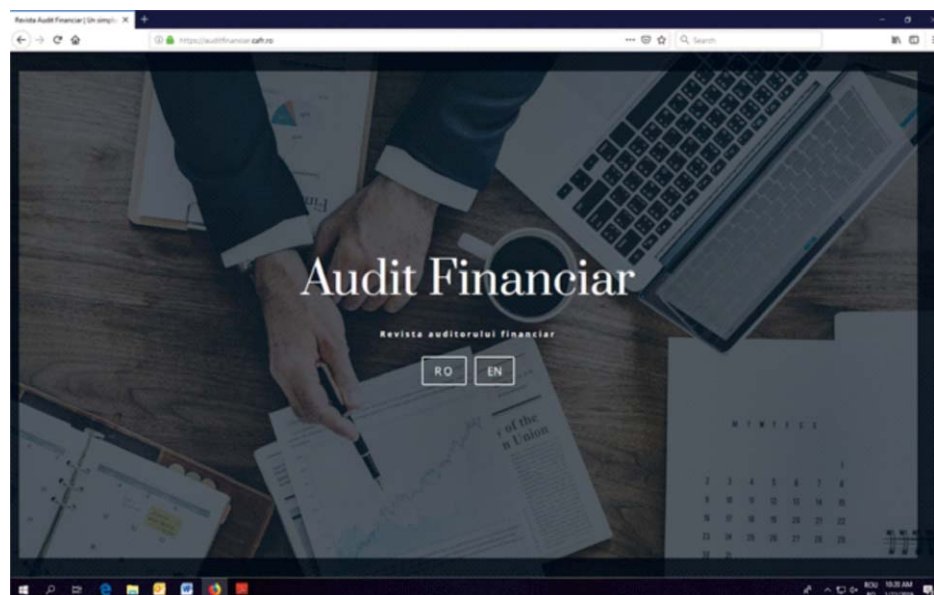
The journal is listed in following international databases:

- Cabell's
- Deutsche Zentralbibliothek für Wirtschaftswissenschaften
- DOAJ
- Ebsco
- ERIH PLUS
- Global Impact Factor
- Google Scholar
- Index Copernicus
- ProQuest
- Research Papers in Economics (RePEc)
- Ulrich's

The “Audit Financiar” website is available in Romanian and in English (auditfinanciar.cafr.ro and <https://auditfinanciar.cafr.ro/home/>), in a more dynamic format and with a modern design, which provides an easy access to all issues published during the current year, and to

issues published in previous years and included in the archive. Besides, the international databases in which the journal is listed are granted, through the website, automatic access to all information that is necessary for maintaining the publication visible abroad.

According to the journal's Google Scholar account, the current Hirsch index is 11 and the i10 index is 15. During the previous year, the journal had 1047 citations (<https://scholar.google.ro/citations?user=IZTHO3oAAAAJ&hl=ro>).



Chamber of Financial Auditors of Romania

We continued to use CrossRef, Cited by Linking and iThenticate. The CrossRef, report de-

livered following download summary:

Months	2019-12	2019-11	2019-10	2019-09	2019-08	2019-07	2019-06	2019-05	2019-04	2019-03	2019-02	2019-01	2018-12
Download attempts	1,173	1,136	2,370	3,986	1,030	558	694	697	582	755	292	231	244
Completed downloads	1,117	1,078	2,281	3,894	986	514	606	650	547	709	271	205	228

“Practici de Audit” Journal

During 2019, CAFR continued to release on a quarterly basis “Practici de Audit” Journal, that has come in the meanwhile to 32 issues. Compared to “Audit Financiar”, that focuses rather on academic research and scientific studies, “Practici de Audit” zooms in on case studies, examples of good practices from Romania and from abroad, answers to

questions asked by readers, other useful information from the field and, not least, a column on legal issues.

During 2019, the journal included interviews with well known professionals, as well as reports on important events, organised by the Chamber.



InfoAudit

In December 2019, the „InfoAudit” newsletter celebrated 5 years since the release of its first issue. During this time, the Chamber of Financial Auditors of Romania strived to

inform members on current events, significant to the financial auditing profession, as well as on the Chamber’s internal and international events.



Communication and image

In order to evaluate the quality of our services, we undertook an evaluation of the members' satisfaction with CAFR in March 2019.

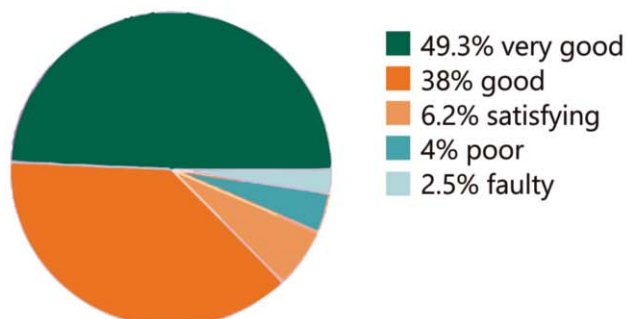
Thereby, CAFR meant to focus on the current and future needs of its members, respond to their requirements, in order to increase its performance and the members' satisfaction.

We received a total of **383** responses.

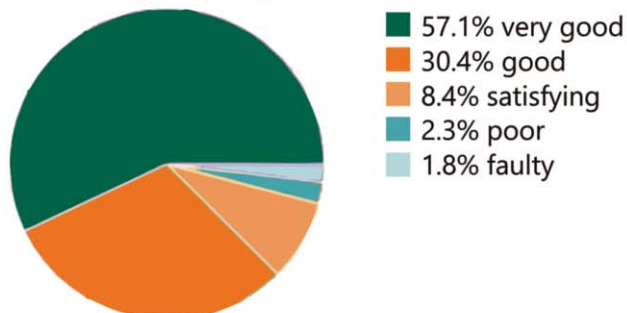
The results of the survey are mostly favorable with respect to all service types, with a percentage of ca. 50% of the respondents highly satisfied and 37,6% satisfied. The percentages of the not satisfied and deeply not satisfied are 4,8% and 2,4%, respectively.



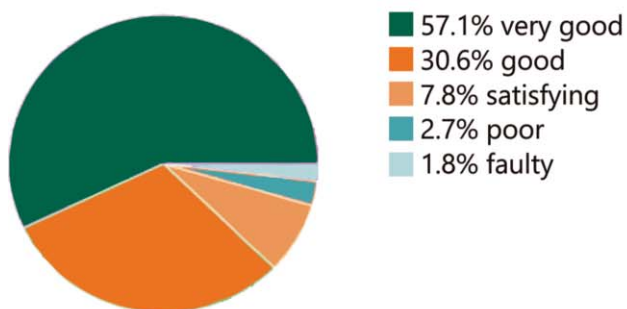
The extent of the services provided by CAFR meet your expectations?



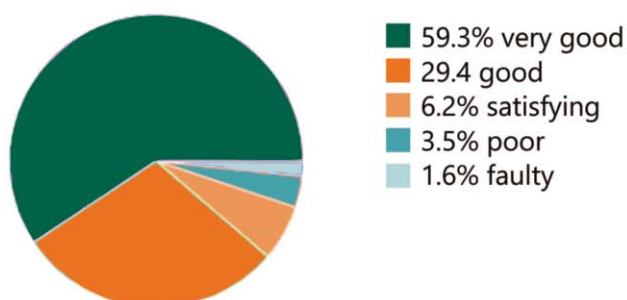
How do you qualify communication with CAFR?



How qualified relationship with the executive CAFR who do you come in contact with?



How to qualify Vocational Training Courses organized by CAFR

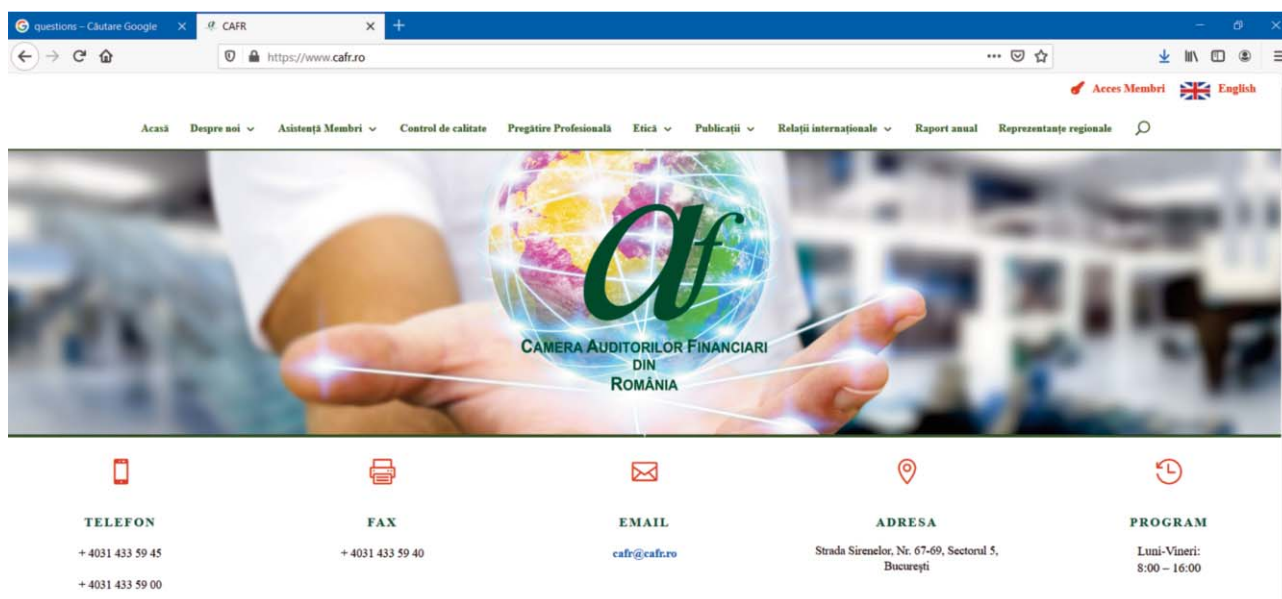


Chamber of Financial Auditors of Romania

The new CAFR website

During 2019, we started the operation of the new website of the Chamber of Financial Auditors of Romania, available in Romanian and in English (www.cafr.ro and <https://www.cafr.ro/EN>), with following benefits:

- Personalized design;
- The website's design and content adjust automatically to the device (tablet, smartphone, or other small screen devices);
- Agreement on the cookies policy – adapted to the GDPR policy;
- Integration of an authorised Google Maps location;
- Synchronisation of business Facebook and Google accounts with the website;
- Contact form (possibility to email CAFR directly from the site).



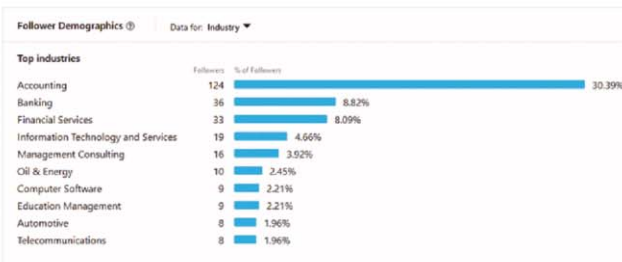
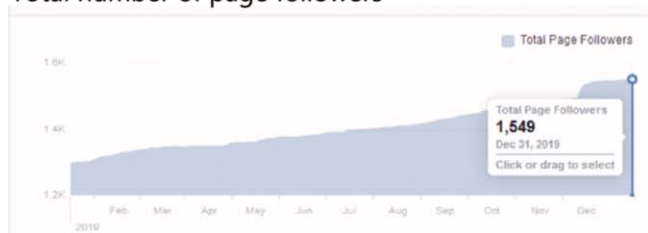
Social media

The Chamber of Financial Auditors of Romania continued to manage the two online communication pages: Facebook și LinkedIn.

Statistics of 2019 show a significant increase of users for the information provided by CAFR online.



Total number of page followers



Assets and funding of CAFR

Books are kept in compliance with the *Accounting Act no.82/1991, with subsequent amendments and additions, and with the Order of the Ministry of Public Finance no. 3103/2017 on the approval of the Accounting regulations for non-profit legal entities*. For the economic activities, CAFR observes the provisions of the Accounting regulations compliant with the European Directives, approved by *Order of the Ministry of Public*

Finance, adjusted to the specific features of non-profit entities, respectively the Order of the Ministry of Public Finance no. 1802/2014 on the approval of the Accounting regulations of individual annual financial statements and consolidated annual financial statements, with subsequent amendments.

The evolution of the main financial indicators of the Chamber in the last two fiscal years goes as follows:

	thou. RON		
	31 December 2018	31 December 2019	Dynamics (%)
Total assets , of which:	14,542	14,657	101%
- non-current assets	6,907	6,638	96%
- current assets	7,613	8,002	105%
- accrued expenses	23	17	76%
Liabilities	3,070	2,479	81%
Equity , of which:	11,031	12,080	110%
- revaluation reserves	1,244	1,244	100%
- reserves	5,019	5,019	100%
- retained earnings	4,436	5,091	115%
- profit or loss for the year	332	726	219%
Total revenues , of which:	9,362	10,043	107%
- from contributions	9,058	9,194	102%
- from registration fees	100	0	0%
- from exam enrollment fees	0	0	X
- from interest to cash deposits	51	28	54%
- other revenues with no economic purpose	108	782	727%
- from economic activities	45	39	87%
Total expenses , of which:	9,030	9,317	103%
- material expenses	153	132	86%
- expenses for works and services	2,564	3,121	122%
- personnel expenses	4,197	3,716	89%
- other operating expenses	1,440	1,658	115%
- amortization and provisions	652	620	95%
- economic expenses	24	70	295%

Chamber of Financial Auditors of Romania

During 2019, CAFR applied the accrual accounting, according to the accounting policy adopted by Council Resolution no. 83/20.09.2016, starting with 2017, with regard to income recognition, in the meaning of observing the principle of accrual accounting, in compliance with the provisions of the Order of Ministry of Public Finance 3103/2017, as applicable reporting framework.

The impact of the accounting policy change was as follows:

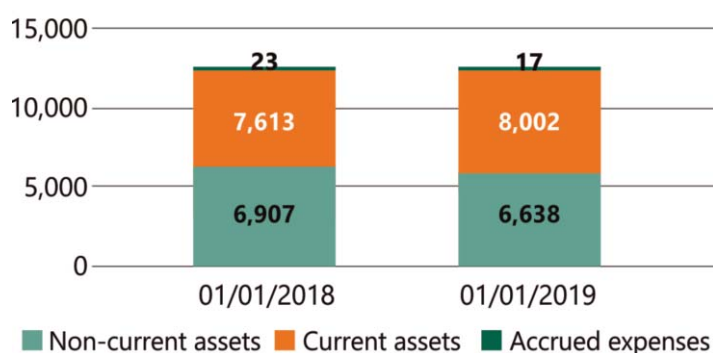
- **Revenues** include amounts that were or are expected to be collected from current activities, as well as gains from any other source;
- **Receivables:** the increase of receivables is mainly due to variable and fix contributions for the year 2019, that hadn't been collected as at December 31, 2019..

The Chamber's revenues in 2019 consisted mainly of member contributions – ca 92%, provisions and depreciation adjustments – ca. 6%, other revenues – ca 2% of total revenues.

The Chamber's expenses referred to material needs – 1%, works and services – 34%, personnel – 40%. Other operating expenses amounted to 17% of total expenses, while amortization and provisions amounted to 7%. During 2019, the economic expenses added up to ca 1% of the Chamber's expenses.

The Chamber's patrimony increased during 2019 by 10%, from 11,031,048 RON to 12,080,299 RON, mainly based on the increasing current assets.

CAFR asset structure - evolution 2018-2019



thou. RON

Indicators	31 December 2018	31 December 2019	Dynamics (%)
Non-current assets	6,907	6,638	96%
Current assets	7,613	8,002	105%
Accrued expenses	23	17	76%
Total assets	14,542	14,657	101%
Liabilities (only current)	3,070	2,479	81%
Accrued income	32	33	101%
Total Assets – Liabilities	11,441	12,145	106%
Provisions for risks and expenses	410	65	16%
Equity	11,031	12,080	110%

Net assets as at 31 December 2019 amounted to **12,080 thou RON**, compared to **11,031 thou RON** at the end of the previous year, with an increase of **1,049 thou RON**, due to increasing current assets, i.e. receivables, as well as to decreasing liabilities.

Net assets changed as follows:

- **non-current assets** as at 31 December 2019 amounted to 6,638 thou RON, compared to 6,907 thou RON on 31 December 2018, with a decrease of 4% - due to decreasing State securities and the depreciation accounted for during the year. Based on the low rates of return of

these investments, current investments were preferred.

- **current assets** as at 31 December 2019 amounted to 8,002 thou RON, compared to 7,613 thou RON on 31 December 2018, with an increase of 5% - based on increasing receivables (3,458 thou RON).
- **liabilities** as at 31 December 2019 amounted to 2,479 thou RON and consist of liabilities to the Local Budget for the period 2011-2017, inclusively additional calculated liabilities, liabilities to the State Budget, i.e. social contributions associated to salaries, and trade liabilities (the latter were settled in January 2020).

The **weight** of each item in the **net assets** is as follows:

- **non-current assets** amounted to 45% as at 31 December 2019, i.e. 6,638 thou. RON. Property, plant and equipment added up to 4,454 thou. RON, and financial assets up to 2,051 mii lei. Intangible assets accounted for 132 thou. RON.
- **current assets** amounted to 54% of total assets, as at 31 December 2019, accounting for 8,002 thou. RON, with **cash**

adding up to 54%, and **receivables** up to 45%.

- **liabilities** amounted to ca. 21% of the total funding sources. They consisted of liabilities to the Local Budget, liabilities associated to salaries and trade liabilities.

During 2019, the **weight of each item** in **net assets** changed as follows:

- **non-current assets** decreased by 4%
- **current assets** increased by 5%
- **liabilities** decreased by 19%

As to **equity and liabilities**, we would like to point to the increasing retained earnings from activities with no economic purpose. This evolution was due to the collection of overdue receivables and the decrease of the overvaluation of calculated additional liabilities to the Local Budget.

The financial information in the balance sheet stands for a **good financial position of the Chamber**, based on the high equity, which gives about 82% of the Chamber's funding sources.



Strategic priorities for 2020

Current major challenges in 2020

Improving the organisational capacity and the communication with members

Adapting to new technologies, in order to cope with the current practices of the business environment

The constant update of the lifelong training for CAFR members

Further debates with regulatory agencies and authorities, for the opening of the audit service market

Permanent dialogue with all actors of the financial environment in Romania

Improving the international visibility and representativeness

Adapting to updated standards and regulations, as well as to economic trends

CAFR's strategy for 2020 focuses on providing members with a sound future for the profession, in a challenging environment, where the ability and the skills required for understanding client needs, achieve targeted results and creating value are essential.

The Chamber's strategic initiatives for 2020 are built around following 5 pillars:

- Dialogue with members and provision of direct assistance,
- Approaching public expectations and creating a "voice" of the profession,
- Innovation and adjustment to information revolution trends,
- Provision of relevant training,
- Raising the attractiveness of the financial auditing profession.