

**GOVERNMENT EMERGENCY ORDINANCE REGARDING THE  
STATUTORY AUDIT OF ANNUAL FINANCIAL STATEMENTS AND  
CONSOLIDATED FINANCIAL STATEMENTS**

Having regard to its quality of full Member State of the European Union, Romania overtakes the duty of transposing and implementing the directives issued by the European Union,

for the purpose of transposing the Directive 43/2006/EC of 17 May 2006 of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, published in the Official Journal of the European Union No. L 157/ 9.06.2006,

having regard to the accomplishment of a harmonized approach of the statutory audit at the European Union level,

for ensuring the compliance of the Romanian statutory audit with the requirements of the European directives, by continuously reviewing the legislation in this field,

as well as for establishing a public oversight system for the statutory auditors and for audit firms based on the European principles,

for preventing the negative consequences of not promoting in emergency regime the present normative document, having regard to the dispositions in Article 53 “Transposition“ of the Directive 43/2006/EC of 17<sup>th</sup> May 2006 of the European Parliament and of the Council on statutory audits of the annual accounts and of the consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, stipulating that: Member States shall adopt and publish the provisions necessary to comply with the Directive before 29 June 2008, the Member States shall inform the European Commission thereof and shall communicate to the Commission the texts of the main provisions of national law which they adopt in the field covered by the 43/2006/EC Directive,

acting in accordance with Art. 115, par. (4) of the Romanian Constitution, republished,

the Romanian Government adopts the present Emergency Ordinance.

**TITLE 1  
STATUTORY AUDIT  
Chapter 1**

**Subject matter and definitions**

**Article 1**

**Subject matter**

The present title regulates the statutory audit of the annual and consolidated financial statements, prepared according to the accountancy law and to the applicable accountancy regulations.

## **Article 2 Definitions**

For the purpose of the present Emergency Ordinance, the terms and expressions below have the following significations:

1. *Statutory audit* means the audit of annual or consolidated financial statements or insofar as required by Community law, transposed in national regulations.
2. *Statutory auditor* means a natural person who is approved in accordance with the provisions of the present Emergency Ordinance by the competent authority, that is the Chamber of Financial Auditors of Romania (CAFR) to carry out statutory audits.
3. *Audit firm* means a legal person or any other entity, regardless of its legal form, that is approved by the competent authority, that is the Chamber of Financial Auditors of Romania (CAFR), in accordance with the provisions of the present Emergency Ordinance, to carry out statutory audits.
4. *Third country audit entity* means an entity, regardless of its legal form, which carries out audits of the annual or consolidated financial statements of a company incorporated in a third country.
5. *Third country auditor* means a natural person who carries out audits of the annual or consolidated financial statements of a company incorporated in a third country.
6. *Group auditor* means the statutory auditor(s) or audit firm(s) carrying out the statutory audit of consolidated financial statements.
7. *Network* means the larger structure:
  - (i) which is aimed at cooperation and to which a statutory auditor or an audit firm belongs, and
  - (ii) which is clearly aimed at profit- or cost-sharing or shares common ownership, control or management, common quality-control policies and procedures, a common business strategy, the use of a common brand-name.
8. *Enterprise affiliate of an audit firm* means any undertaking, regardless of its legal form, which is connected to an audit firm by means of common ownership, control or management.
9. *Audit report* means the report referred to in Article 51a of Directive 78/660/EEC, respectively Article 37 of Directive 83/349/CEE, as they are transposed in the national legislation.

10. *Competent authorities* means the authorities or bodies designated by law that are in charge of the regulation and/ or oversight of statutory auditors and audit firms or of specific aspects thereof. The reference to “*competent authority*” in a specific article means a reference to the authority or body(ies) responsible for the functions referred to.

11. *International Audit Standards* means International Standards on Auditing (ISA) and related Statements and Standards, insofar as relevant to the statutory audit, issued by the International Auditing and Assurance Standards Board (IAASB) within the International Federation of Accountants (IFAC).

12. *International Financial Reporting Standards* means International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations, and future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB), as they are approved by the European Union, translated and published in Romanian.

13. *Public interest entities* means legal entities defined according to the accountancy regulations.

14. *Cooperative* means a European Cooperative Society as defined in Article 1 of Council Regulation (EC) No 1435/ 2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE) (2), or any other cooperative for which a statutory audit is required in accordance with the law regulating the activity of cooperatives.

15. *Non-practitioner* means any natural person who, for at least three years before his or her involvement in the governance of the public oversight system, has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the administrative or management body of an audit firm and has not been employed by, or otherwise associated with, an audit firm;

16. *Key audit partner(s) mean(s):*

(a) the statutory auditor(s) designated by an audit firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of the audit firm; or

(b) in the case of a group audit, at least the statutory auditor(s) designated by an audit firm as being primarily responsible for carrying out the statutory audit at the level of the group and the statutory auditor(s) designated as being primarily responsible at the level of material subsidiaries; or

(c) the statutory auditor(s) who sign(s) the audit report

17. *Public interest representative parties* means any interested parties in the public oversight of the statutory audit activity, of the development and implementation of the international auditing or accounting standards (International Standards on Auditing and International Financial Reporting Standards), including the parties involved in the

monitoring of the standards implementation process, in view of ensuring the public that the professional bodies act in the public interest, as well as other parties interested in the results of the audit or IFRS application activities. Public interest representative parties can be public authorities (government, bodies having regulatory attributions over a certain activity field), professional organizations, as well as a wide variety of users of the financial statements such as investors, financial analysts, employees, credit institution, the large public and others such parties.

18. *Member State* has the meaning stipulated in the European Union adhering Treaty.

19. *Third countries* mean countries outside the European Union.

20. *The Chamber of Financial Auditors of Romania, hereafter called the Chamber* is the autonomous legal person, established in accordance to the law, functioning as professional public utility organization, devoid of patrimonial purpose, in the field of statutory audit.

21. *The public interest oversight board of the statutory audit activity* is the body established in Romania, in accordance with Title II, for the purpose of overseeing, for the public interest, the statutory audit activity, respecting the provisions of the Directive 43/2006/EC of 17<sup>th</sup> May 2006 of the European Parliament and of the Council regarding the statutory audit of the annual accounts and of the consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, published in the Official Journal of the European Union No. L 157/9.06.2006.

## **Chapter 2**

### **Approval, continuous education and mutual recognition**

#### **Article 3**

(1) The statutory audit activity shall be carried out only by the statutory auditors or by the audit firms which are approved, according to the approval in the conditions stipulated by the present Emergency government Ordinance.

(2) The competent authority responsible for the authorization of the statutory auditors and audit firms is the Chamber of Financial Auditors of Romania.

(3) The final responsibility for the statutory auditors and audit firms authorization belongs to the public oversight board as referred to in Title II.

#### **Article 4**

(1) A natural person may be authorized to carry out statutory audit according to the provisions of the present Emergency Ordinance, after completing the practical training and after promoting the professional competences exam.

(2) The Chamber can authorize as statutory auditors only the natural persons who cumulatively satisfy the further conditions:

a) have a good repute.

The good repute means an adequate professional behavior, respecting the requirements of the Code of Ethics issued by the International Federation of Accountants (IFAC) and adopted by the Chamber, as stipulated in Art. 20, par. (1). The criteria defining the good repute are established by the Chamber with the approval of the public oversight board referred to in Title II;

b) graduated a higher economical education institution or another equivalent level, under the conditions established by the regulation issued by the Chamber and approved by the public oversight board referred to in Title II;

c) completed a theoretical training course;

d) completed a practical training period, according to the provisions in Art. 9 of the present Emergency Ordinance;

e) passed the professional competences exam, organized or recognized by the competent authority for the authorization of the statutory auditors and audit firms.

## **Article 5** **Approval of the audit firms**

The Chamber may approve as audit firms only the entities that cumulatively satisfy the further conditions:

a) the natural persons who carry out statutory audit on behalf of an audit firm must satisfy at least the conditions as referred to in Art. 4 and must also be authorized, respectively approved as statutory auditors in Romania.

b) a majority of the voting rights in an entity must be held by audit firms which are approved in any Member State or by natural persons who satisfy at least the conditions imposed by Art. 4. These natural persons must be authorized in any other Member State. For the purpose of the statutory audit of the European cooperative entities or similar entities, the competent authorities referred to in Title II may establish specific regulations regarding the voting rights;

c) a majority – up to a maximum of 75% - of the members of the administrative or management body of the audit firm, must be represented by the authorized audit firms in any of the Member States or by natural persons who satisfy at least the conditions stipulated in Art. 4. These natural persons must be authorized in any other Member State. In case such an administrative or management body does not have more than two members, one of those members must satisfy at least the conditions in this point;

d) the audit firm must have a good repute.

**Article 6**  
**Withdrawal of approval**

(1) Approval of a statutory auditor or an audit firm shall be withdrawn if the good repute of that person or firm has been seriously compromised.

(2) The approval of an audit firm shall be withdrawn if the good repute or any other conditions as referred to in Art. 5, let. b) and c) are no longer satisfied and a term of 6 months is elapsed since the moment when any of the respective ceased being satisfied.

(3) For the statutory auditors and audit firms also authorized in other Member States and authorized in the public register of Romania, in accordance with Art. 15, par. (1), let. c), in case the authorization is withdrawn, no matter the reasons, the Chamber communicates this fact and the reasons of the withdrawal to the relevant competent authorities of the Member State where the statutory auditor or the audit firm is authorized.

(4) The final responsibility for the approval of the statutory auditors and audit firms withdrawal belongs to the public oversight board, as referred to in Title II.

**Article 7**  
**Examination of professional competences**

The examination of professional competence referred to in Art. 4, par. (2), let. e) shall guarantee the necessary level of theoretical knowledge of subjects relevant to statutory audit and the ability to apply such knowledge in practice. Part at least of that examination shall be written.

**Article 8**  
**Test of theoretical knowledge**

(1) The test of theoretical knowledge included in the examination shall cover the following subjects in particular:

- a) general accounting theory and principles;
- b) legal requirements and standards relating to the preparation of annual and consolidated accounts;
- c) international accounting standards;
- d) financial analysis;
- e) cost and management accounting;
- f) risk management and internal control;
- g) auditing and professional skills;
- h) legal requirements and professional standards relating to statutory audit and statutory auditors;
- i) international auditing standards;
- j) professional ethics and independence.

(2) It shall also cover at least the following subjects insofar as they are relevant to auditing:

- a) company law and corporate governance;

- b) the law of insolvency and similar procedures;
- c) tax law;
- d) civil and commercial law;
- e) social security law and employment law;
- f) information technology and computer systems;
- g) business, general and financial economics;
- h) mathematics and statistics;
- i) basic principles of the financial management of undertakings.

## **Article 9**

### **Practical training and exemptions**

(1) The Chamber establishes the provisions for the performance of the practical training of the trainee in the activity of statutory auditor.

(2) By way of derogation from Art. 10, let. b), the Chamber may provide that a holder of a university degree or equivalent qualification in one or more of the subjects referred to in Art. 8 may benefit of a shortage in the length of the financial- accountancy activity, equal with the length of the master training approved by the Chamber (the equalization being of a half year for every semester of study).

(3) By way of derogation from Art. 10, let. c), the Chamber may provide that a holder of a university degree or equivalent qualification or who has a license diploma or an equivalent qualification in one or more of the subjects as referred to in Art. 8, may be exempted from the financial-accountancy ability test for the purpose of obtaining access to the professional training, in the subjects covered by that examination or degree.

(4) By way of derogation from Art. 7 and 8, the Chamber may provide that a person that have promoted a university exam or an equivalent level exam, or who has a university degree at master level or an equivalent qualification in one or more of the subjects referred to in Art. 8, may be exempted from the theoretical knowledge test included in the professional competences exam, for the subjects covered by that exam or by that university degree.

(5) The exemptions referred to in par. (2)-(4) can only be granted based on an agreement concluded by the Chamber and the institutions that issued/ recognized the respective degrees/qualifications. No exemptions can be granted regarding the application of the practical knowledge test.

(6) The Chamber, with the approval of the public oversight board referred to in Title II, establishes the conditions of granting the derogations regarding the theoretical knowledge test which is included in the examinations. The Chamber establishes by its own norms, noticed by the oversight board as referred to in Title II, the criteria on which are based the concluded agreements regarding the granting of exceptions.

(7) In order to ensure the capacity to apply in practice the theoretical knowledge whose examination is included in the test, a trainee shall complete a practical training of at least three years, which will include, inter alia, the audit of the annual financial statements, of the annual consolidated financial statements or of a similar financial statements. At least two thirds of this practical training shall be completed with a statutory auditor or audit firm approved in any Member State.

(8) The Chamber must ensure that the training is carried out with persons providing adequate guarantees regarding their ability to provide practical training.

(9) Trainees in the practical training activity may perform the practical training by attending the statutory audit activity, within individual practices or audit firms, according to the norms issued by the Chamber. For the trainees in the statutory audit activity, the individual practices or audit firms will release an official document which certifies the completion of the training period.

### **Article 10**

#### **Trainees in the statutory audit activity**

Trainees in the statutory audit activity are natural persons which satisfy the further conditions:

- a) have a degree in economics or in other domain and have completed an additional economic training course. The degree obtained when graduating the university, respectively following the additional training program, must be recognized by the Ministry of Education, Research and Youth;
- b) have an experience in the financial-accounting field of at least 4 years;
- c) have passed the financial-accounting test meant to provide access to the practical training period;
- d) have complied with the requirements of the Code of Ethics.

### **Article 11**

#### **Continuous professional development**

(1) The Chamber must ensure that the statutory auditors take part in appropriate continuous professional development programs in order to maintain their theoretical knowledge, professional skills and values at a sufficiently high level. The Chamber, with the approval of the public oversight board, issues norms covering the obligations of the statutory auditors regarding their continuous professional development.

(2) The non-compliance with the requirements of continuous professional development, stipulated in the norms issued by the Chamber, are sanctioned in accordance, as referred to in the specific regulations issued by the Chamber, corroborated with the provisions of Chapter 7.



(3) The Chamber implements the professional ethics standards, the internal quality control of the statutory auditors' activity and audit firms, whose adoption is submitted for approval to the public oversight board, referred to in Title II.

(4) Under the public oversight of the board referred to in the Title II, the Chamber is the competent authority for educational qualifications, continuous professional development organization, professional competences examination, according to the international education standards issued by IFAC.

### **Article 12**

#### **Approval of statutory auditors from other Member States**

(1) The Chamber establishes procedures for the approval of statutory auditors who have been approved in other Member States.

(2) Those procedures shall not go beyond a requirement to pass an aptitude test in accordance with Art. 4 of Council Directive 89/48/EEC on a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration, transposed in the Romanian legislation.

(3) The aptitude test will be conducted in the Romanian language and it includes Romanian legislation knowledge, to the extent in which they are relevant for the statutory audit.

(4) The final responsibility for authorization of the statutory auditors and audit firms from another Member States belongs to the public oversight board, as referred to in Title II.

### **Article 13**

(1) The Chamber establishes procedures and norms regarding the approval of the statutory auditors and audit firms. These norms must be approved by the public oversight board as referred to in Title II.

(2) The complaints concerning the decisions taken by the Chamber, regarding the approval or the approval refuse of the statutory auditors and audit firms, must be submitted to the public oversight board as referred in Title II. The complaints must be made within 30 days from the date when the decision was communicated to the statutory auditor or the audit firm.

(3) The statutory auditors and audit firms unsatisfied by the decisions taken by the public oversight board, as referred to in Title II, may make appeal to the competent legal courts, according to the law.

### **Article 14**

## **Public register**

- (1) The statutory auditors and audit firms are registered in a public register as referred to in Art. 15 and 16.
- (2) Each statutory auditor and audit firm is identified in the public register by an individual number. The information regarding the statutory auditors and audit firms are stored in the register in an electronic form and is electronically accessible to the public from the Chamber's website, as referred in Art. 15 and 16.
- (3) The public register contains the name and the address of the Chamber, which is responsible for the authorization, respectively for the approval of statutory auditors and audit firms, according to the present Emergency Ordinance, for quality assurance, investigations and penalties applied to the statutory auditors and audit firms, according to the provisions of the present Emergency Ordinance, as well as the contact details and address of the public oversight board, as referred to in Title II.
- (4) The Chamber is the competent authority responsible for organizing, updating and publishing the public register, under the monitoring of the public oversight board, as referred to in Title II.
- (5) The public register is annually published in the Official Journal of Romania, Part. I.
- (6) The modifications of the public register are quarterly published in the Official Journal of Romania, Part. I.
- (7) In the Official journal of Romania are published at least the information mentioned in Art. 15, par. (1), let. a) and par. 2 for the statutory auditors and the information mentioned in Art. 16, par. (1), let.a), b) and c) for the audit firms.
- (8) The information mentioned in Art. 15 and 16 must be published entirely in electronic format. The electronic public register will be quarterly updated by the Chamber.
- (9) In exceptional circumstances, the Chamber may suspend the application obligation of the provisions mentioned in the present article, as well as the requirements regarding the registration of the statutory auditors regarding the information disclosed, only to the extent where this is necessary for reducing a significant and imminent threat to the personal safety of any person.
- (10) By internal regulation issued by the Chamber with the approval of the public oversight board, as referred to in Title II, are established the conditions when the provisions of the present article are applied.
- (11) Any change to the public register will be made in the electronic public register, within 10 working days since the Chamber communicates it.
- (12) Under the responsibility of the Chamber, the public register must become completely operational until 29<sup>th</sup> of June 2009.

## **Chapter 3 Registration**

### **Article 15 Registration of statutory auditors**

(1) In the public register shall be mentioned at least the following information regarding the statutory auditors:

- (a) name, address and registration number;
- (b) if applicable, the name, address, website address and registration number of the audit firm(s) by which the statutory auditor is employed, or with whom he or she is associated as a partner or otherwise;
- (c) all other registration(s) as statutory auditor with the competent authorities of other Member States and as auditor with third countries, including the name(s) of the registration authority(ies), and, if applicable, the registration number(s).

2. Third-country auditors registered in accordance with Art. 51 shall be clearly indicated in the register as such and not as statutory auditors.

## **Article 16**

### **Registration of audit firms**

1. For each audit firm, the electronic public register shall contain at least the following information:

- (a) name, address and registration number;
- (b) legal form;
- (c) contact information, the primary contact person and, where applicable, the website address;
- (d) address of each office in the Member State;
- (e) name and registration number of all statutory auditors employed by or associated as partners or otherwise with the audit firm;
- (f) names and business addresses of all owners and shareholders;
- (g) names and business addresses of all members of the administrative or management body;
- (h) if applicable, the membership of a network and a list of the names and addresses of member firms and affiliates or an indication of the place where such information is publicly available;
- (i) all other registration(s) as audit firm with the competent authorities of other Member States and as audit entity with third countries, including the name(s) of the registration authority(ies), and, if applicable, the registration number(s).

2. Third-country audit entities registered in accordance with Art. 51 shall be clearly indicated in the register as such and not as audit firms.

## **Article 17**

### **Updating of registration information**

(1) In case changes related to the public register appear, the statutory auditors and audit firms have the obligation to notify the Chamber within 10 working days since the date of the change.

(2) Not communicating the modifications within the term referred to in par. (1), may conduct to discipline and investigative procedures, according to the provisions stipulated in the present Emergency Ordinance. Exemptions are granted to the cases referred to in the norms issued by the Chamber and noticed by the public oversight board, as referred to in Title II.

### **Article 18** **Responsibility for registration information**

(1) The information submitted to the Chamber, related to the statutory auditors and audit firms registration, as well as the updated information according to Art. 15, 16, 17 are signed by the statutory auditor or by the legal representative of the audit firm.

(2) In case information is provided in electronic form, this must be done by electronic signature, according to the legislation applicable in this field.

### **Article 19** **Language**

(1) The information presented in Romanian language will be added in the electronic public register in English language too, by translation ensured by the Chamber, with the mention whether this is authorized or not.

## **Chapter 4** **Professional Requirements**

### **Article 20** **Professional Ethics**

(1) The Chamber adopts the Code of Ethics issued by the International Federation of Accountants (IFAC). The Code of Ethics is translated and published by the Chamber in Romanian language.

(2) The public oversight board, as referred to in Title II, together with the Chamber, must ensure that all statutory auditors and audit firms respect the professional ethics principles, at least those that are related to their functioning in the public interest, integrity and objectivity, professional competence and the necessary attention granted to these, as they are defined in the Code of Ethics.

### **Article 22** **Independence and objectivity**

(1) When carrying out a statutory audit, the statutory auditor and/or audit firm is independent of the audited entity and is not involved in the decision-making of the audited entity, as defined by the Code of Ethics.

(2) The persons who are members of the Chamber can not perform or develop activities that bring prejudice or can adversely affect the integrity, objectivity, independence or professional reputation, as these are defined by the Code of Ethics.

(3) A statutory auditor or audit firm shall not carry out statutory audit if there is any direct or indirect financial, business, employment or other relationship — including the provision of additional non-audit services — between the statutory auditor, audit firm or network and the audited entity from which an objective, reasonable and informed third party would conclude that the statutory auditor's or audit firm's independence is compromised.

(4) If the statutory auditor's or audit firm's independence is affected by threats, such as self-review, self-interest, advocacy, familiarity or trust or intimidation, the statutory auditor or audit firm must apply safeguards in order to mitigate those threats. If the significance of the threats compared to the safeguards applied is such that his, her or its independence is compromised, the statutory auditor or audit firm shall not carry out the statutory audit. The report made in these circumstances becomes absolutely null.

(5) In case a statutory auditor or a close associate of his/her is in a certain relation with the audited entity or has relationships with the key employees or with the management of the entity, and these relations may conduct to situations affecting the independence or the objectivity of the statutory auditor, the respective statutory auditor cannot carry out the audit of that entity.

(6) The Chamber may provide by regulation, approved by the public oversight board as, referred to in Title II, the situations that may put in danger the independence and the objectivity of the statutory auditors and audit firms.

## **Article 22**

(1) Statutory auditors and audit firms carrying out audit for the public interest entities must respect the provisions on independence and objectivity referred to in Art. 21, as well as those in Art. 48.

(2) When applying the provisions in Art. 21 and 48, the Chamber issues implementation measures which must be approved by the public oversight board, as referred in Title II.

## **Article 23**

### **Documentation of the audit files**

The statutory auditor or audit firm includes in the audit files the documentation regarding all the significant threats for his/her/its independence, as well as the safeguards applied for reducing these threats.

## **Article 24**

Breaching the provisions regarding independence and objectivity, as referred to in the present Emergency Ordinance, may lead to penalties, including the license suspension for

the statutory auditor or audit firm, according to the regulation issued by the Chamber and approved by the public oversight board, as referred in the Title II.

### **Article 25**

#### **Confidentiality and professional secrecy**

(1) All information and documents to which a statutory auditor or audit firm has access when carrying out a statutory audit are protected by adequate rules on confidentiality and professional secrecy, comprised in the regulation issued by the Chamber.

(2) Confidentiality and professional secrecy rules relating to statutory auditors or audit firms shall not impede enforcement of the provisions of the present Emergency Ordinance.

(3) Where a statutory auditor or audit firm is replaced by another statutory auditor or audit firm, the former statutory auditor or audit firm shall provide the incoming statutory auditor or audit firm with access to all relevant information concerning the audited entity.

(4) A statutory auditor or audit firm who has ceased to be engaged in a particular audit assignment shall remain subject to the provisions of par. 1 and 2 with respect to that audit assignment.

(5) The statutory auditor or the audit firm, as well as the employees of the audit firm must consider as confidential any information they take notice of in due course of their activity, except when laws or regulations stipulate otherwise and except when the person referred to in the information has given his/her consent regarding the renunciation of the confidentiality obligation.

(6) Statutory auditors may not use the confidential information gathered as result of their professional or business relationships conducted in their own interest or in the interest of third parties, with the exception of the information object to other contractual relationships with the audited entity or the information obtained under the conditions referred to in the par. (5).

(7) To ensure the unitary appliance of the present article, the public oversight board referred to in Title II, notices the implementation measures issued by the Chamber.

### **Article 26**

#### **Independence and objectivity of the statutory auditors carrying out the statutory audit on behalf of audit firms**

(1) The public oversight board referred to in Title II and the Chamber shall ensure that the owners or shareholders of an audit firm as well as the members of the administrative, management and supervisory bodies of such a firm, or of an affiliated firm, do not intervene in the execution of a statutory audit in any way which jeopardizes the independence and objectivity of the statutory auditor who carries out the statutory audit on behalf of the audit firm.

(2) For the application of par. (1), the Chamber issues norms which must be approved by the public oversight board, as referred to in Title II.

**Article 27**  
**Audit fees**

- (1) For the application of the present Emergency Ordinance, the public oversight board, as referred to in Title II, issues adequate rules which provide that fees for statutory audits:
- (a) are not influenced or determined by the provision of additional services to the audited entity;
  - (b) cannot be based on any form of contingency;
  - (c) are adequate for the activity that is about to be conducted.

**Chapter 5**  
**Auditing standards and audit reporting**

**Article 28**  
**Auditing standards**

- (1) The statutory auditors and the audit firms must carry out the audits in compliance with the international audit standards.
- (2) When carrying out an audit, the statutory auditors and the audit firms may apply a national audit standard, adopted by the Chamber, as long as the European Union has not approved a international audit standard referring to that particular issue, mentioning this aspect in the audit report.

**Article 29**  
**The statutory audit of consolidated financial statements**

In case of a statutory audit of the consolidated financial statements of a group of undertakings:

- a) the group auditor bears the full responsibility for the audit report in relation to the consolidated financial statements;
- b) the group auditor carries out a review and maintains the documentation of his or her review of the audit work performed by third country auditor(s), statutory auditor(s), third country audit entity(ies) or audit firm(s) for the purpose of the group audit. The documentation retained by the group auditor shall be such as enables the public oversight board referred to in Title II or the Chamber, upon the case, to adequately review the activity of the group auditor;
- c) when a component of a group of undertakings is audited by the statutory auditor(s) or third country audit firm(s) that have no cooperation agreement signed with the competent authorities of Romania, according to the present Emergency Ordinance, the group auditor is responsible for ensuring proper delivery, when requested, of the documentation of the audit activity performed by the third country auditor(s) or audit entity(ies), including the working papers relevant for the group audit, to the public oversight authorities. In order to ensure such a delivery, the group auditor shall retain a copy of this documentation or alternatively enter an agreement so that the third country auditor(s) or audit entity(ies) to

ensure him proper access, with no restriction, to the documentation, upon request, or take any other appropriate action. If legal or other impediments prevent audit working papers from being passed from a third country to the group auditor, the documentation retained by the group auditor shall include evidence that he or she has undertaken the appropriate procedures in order to gain access to the audit documentation, and in case of impediments other than legal ones arising from country legislation, evidence supporting such impediment.

### **Article 30**

#### **Audit reporting**

(1) Where an audit firm carries out the statutory audit, the audit report shall be signed by at least the statutory auditor(s) carrying out the statutory audit on behalf of the audit firm. The audit report must clearly contain the name of the person preparing it, as well as the individual registration number from the public register.

(2) In exceptional circumstances, established by the norms issued by the Chamber and noticed by the public oversight board, as referred to in the Title II, are provided the conditions in which the signature must not be disclosed to the public. These exemptions refer to the case when such disclosure could lead to an imminent and significant threat to the personal security of any person. In any case the name(s) of the person(s) involved shall be known to the Chamber or/and to the public oversight board, as referred to in the Title II.

### **Chapter 16**

#### **Quality insurance**

### **Article 31**

#### **Quality Assurance Systems**

(1) All statutory auditors and audit firms are subject to a system of quality assurance which meets at least the criteria contained in the present Emergency Ordinance.

(2) The criteria that have to be satisfied in the quality assurance system are:

a) the quality assurance system shall be organized in such a manner that it is independent of the reviewed statutory auditors and audit firms and subject to public oversight as provided for in Title II;

b) the funding for the quality assurance system shall be secure and free from any possible undue influence by statutory auditors or audit firms;

c) the quality assurance system shall have adequate resources. In this regard, the Chamber and the public oversight board, as referred to in Title II, have the obligation to ensure the obtaining of the funds needed for the functioning.

d) the persons who carry out quality assurance reviews shall have appropriate professional education and relevant experience in statutory audit and financial reporting combined with specific training on quality assurance reviews;

e) the selection of reviewers for specific quality assurance review assignments shall be effected in accordance with an objective procedure designed to ensure that there are no



conflicts of interest between the reviewers and the statutory auditor or audit firm under review;

f) the scope of the quality assurance review, supported by adequate testing of selected audit files, shall include an assessment of compliance with applicable auditing standards and independence requirements, of the quantity and quality of resources spent, of the audit fees charged and of the internal quality control system of the audit firm;

g) the quality assurance review shall be the subject of a report which shall contain the main conclusions of the quality assurance review;

h) the reviews regarding the quality assurance system are conducted within a term established according to the marks obtained at previews reviews, but not more than 6 years, respectively 3 years, in the case of the public interest entities audits, in the conditions established by the regulation issued by the public oversight board as referred to in Title II.

i) the overall results of the quality assurance system shall be published annually;

j) recommendations of quality reviews shall be followed up by the statutory auditor or audit firm within a term established by the persons who conduct the review of the quality assurance. The Chamber stipulates, by its own norms, under the notice of the public oversight board, the periods for the remediation of certain deficiencies related to quality assurance.

(3) If the recommendations referred to in point (j) are not followed up, the statutory auditor or audit firm shall, if applicable, be subject to the system of disciplinary actions or penalties referred to in the present Emergency Ordinance and also other regulations in this field.

(4) Under the public oversight of the board referred to in Title II, the Chamber is the competent authority for carrying out quality assurance reviews.

## **Chapter 7** **Investigations and penalties**

### **Article 32** **Systems of investigations**

(1) The public oversight board referred to in Title II establishes effective systems of investigations and penalties in order to detect, correct and prevent inadequate execution of the statutory audit.

(2) The penalties applied must be effective, proportionate and dissuasive in respect of statutory auditors and audit firms, where statutory audits are not carried out in conformity with the provisions adopted in the implementation of the present Emergency Ordinance. The penalties applied must not touch the civil responsibility regime.

(3) The measures taken and penalties imposed on statutory auditors and audit firms are appropriately disclosed to the public.

(4) Breaking the provisions of the present Emergency Ordinance by the statutory auditors or audit firms implies civil, disciplinary, administrative and penal liability, upon the case.

(5) The audit firms are liable, according to the law, in their capacity of members of the Chamber, if one of the associates, administrators or employees, who is not a statutory auditor, interferes in the independent performance of the statutory audit profession, so

that it brings prejudices to the independence of the statutory auditors who are performing this activity in the name of the audit firm.

(6) The provisions in par. (1) – (5) are applicable to the natural persons, members of the Chamber, who perform statutory audit on behalf of certain audit firms.

### **Article 33** **Contraventions and sanctions**

(1) The following facts constitute contraventions:

- a) breaking the provisions of Art. 32, par. (5) and (6);
- b) using the statutory auditor quality or that of audit firm in conditions other than the ones provided by the present Emergency Ordinance.
- c) performing statutory audit without having the annual visa issued by the competent authority or by the persons not registered in the public register referred to in Art. 14.

(2) The contraventions comprised in par. 1 are sanctioned as follows:

- a) the ones at let. a), with a penalty ranging between 10.000 lei to 20.000 lei;
- b) the ones at let. b), with a penalty ranging between 50.000 lei to 100.000 lei, and nullity of the audit report prepared;
- c) the ones at let. c), with a penalty ranging between 10.000 lei to 20.000 lei.

(3) The finding of contraventions and the application of the penalties are performed by the persons thus entitled by the Chamber, or by the public oversight board, depending on the case.

(4) The contraventions in Art. (1) are subject to the provisions of the Government Ordinance No. 2/2001 regarding the legal regime of the contraventions, approved with changes and amendments by the Law No. 180/2002, with the subsequent changes and amendments.

### **Article 35** **Sanctions**

(1) The sanctions applied by the Chamber to the statutory auditors and audit firms, upon the case, are:

- a) reprimand;
- b) written warning;
- c) suspension of license for performing the statutory audit activity for a period between 3 months to 1 year. During the suspension period, the person has no right to perform, under any circumstance, the activity of statutory audit, he or she cannot use his/her statutory audit quality and can not participate to the Chamber activity.
- d) exclusion from the Chamber, accompanied by the withdrawal of the license. The withdrawals of the license of the audit firm also involve its dissolution.

(2) Departures for which sanctions are applied, as well as the procedure of finding and sanctioning are established by the regulation of the Chamber, with the notice of the public oversight board, as referred to in Title II.

### **Article 36**

(1) The sanctions applied to the statutory auditors and audit firms, that remain definitive after making use all the legal contestation forms, are published by the Chamber in the Official Journal of Romania, Part. I.

(2) In case the legal courts pronounce definitive condemnation decisions of a statutory auditor for his/her penal facts related to the performance of statutory audit activity or applies the complementary sanction for the facts related to the interdiction of performing this activity, the statutory auditor will submit to the Chamber a copy of the legal decision, in order to delete him/her from the public register. For this Purpose, the Chamber follows the developing stage of the penal actions against the statutory auditors.

### **Article 37**

#### **The liability of the statutory auditor and audit firm**

(1) The statutory auditors and audit firms are liable for any damage caused, voluntarily or by negligence, while performing their engagement.

(2) An audit firm is liable together with the statutory auditor who performed an engagement on behalf of the firm, for the damages caused by the statutory auditor.

(3) A statutory auditor or an audit firm must contract a professional risks hedge mandatory insurance.

(4) Time limitation and the amount of money that can be claimed from a statutory auditor or audit firm will be regulated by written regulation issued by the public oversight board.

## **Chapter 8**

### **Public oversight and regulating agreements between Member States**

#### **Article 38**

##### **Principles of public oversight**

(1) In Romania a national public oversight board of the activity of statutory audit is established, based on the principles of the present Emergency Ordinance.

(2) The national system of public oversight of the statutory activity is represented by the entities with regulatory attributions in the accountancy and statutory audit areas, including the authorities referred to by the present Emergency Ordinance, as well as the relations and procedures establishing between these entities, regarding the performance of the public oversight of the statutory auditors and audit firms.

(3) The public oversight board, as referred to in Title II, represents the main operational structure within the national system of public oversight.

(4) All statutory auditors and audit firms are subject of the public oversight.

(5) The public oversight system is governed by non-practitioners with experience in relevant areas for the statutory audit.

(6) A minor group of practitioners is allowed to be involved in the governance of the public oversight system, according to the present Emergency Ordinance.

(7) The persons involved in the public oversight system are selected by an independent and transparent appointment procedure.

### **Article 39**

The public oversight system has the ultimate responsibility for the public oversight, mainly for the following activities:

- a) the approval and registration of statutory auditors and audit firms;
- b) the adoption of standards on professional ethics, internal quality control of audit firms;
- c) continuous professional development;
- d) quality insurance and performing quality assurance reviews;
- e) ensuring the investigative and disciplinary systems.

### **Article 40**

(1) The public oversight system, through the public oversight board, as referred to in Title II, is entitled to perform, as necessary, investigations regarding the observance of the requirements of the present Emergency Ordinance, by the statutory auditors and audit firms and to take the necessary measures.

(2) The public oversight system is transparent. This supposes the publication of its annual activity programs and of the activity reports.

(3) The public oversight system, as referred to in Title II, must be financed in accordance. The public oversight system financing is certain and devoid of any contribution from the statutory auditors or the audit firms.

### **Article 41**

#### **Cooperation between public oversight systems at Community level**

(1) Regulatory agreements concluded with the public oversight bodies from other European Union Member States must permit effective cooperation in respect of the oversight activities.

(2) The public oversight board established according to the present Emergency Ordinance is the authority responsible for ensuring the effective cooperation, at European Union level, in what concerns the public oversight activity.

### **Article 42**

#### **Mutual recognition of regulatory agreements between Member States**

(1) In what concerns regulation and public oversight, the regulatory agreements with the other European Union Member States respect the principle of home-country jurisdiction of the Member State where the statutory auditor or audit firm is approved and where the audited entity has its registered quarter.

(2) In the case of a statutory audit of consolidated financial statements, the Romanian authorities requiring the statutory audit of the consolidated financial statements, cannot impose the statutory auditor or the audit firm carrying out the statutory audit of a branch having its registered office in another European Union Member State, additional requirements in relation to registration, quality assurance review, auditing standards, ethic and independence.

(3) In case of companies having the registered office in another European Union Member State and whose securities are being admitted for trading on a Romanian regulated market, Romanian authorities cannot impose the statutory auditor or the audit firm, carrying out the statutory audit of the annual or consolidated financial statements of the respective companies, additional requirements in relation to registration, quality assurance review, auditing standards, ethics and independence.

### **Article 43**

#### **Designation of competent authorities**

(1) Within the public oversight system of the statutory audit activity, the public oversight board referred to in Title II represents the competent authority, having attributions in the field of public oversight of the statutory audit activity in Romania.

(2) The Chamber of Financial Auditors of Romania is the professional organization, having attributions related to the development of the statutory audit activity in Romania.

(3) The competent authorities referred to in par. (1) and (2) are organized in such a manner that conflicts of interest are avoided.

(4) The competent authorities referred to in par. (1) and (2) cooperate each time is necessary, for the purpose of accomplishing their respective responsibilities. They ensure the exchange of information and the necessary cooperation during the investigations regarding the development of statutory audits.

## **Chapter 9**

### **Appointment and dismissal**

#### **Article 44**

##### **Appointment of statutory auditors or audit firms**

The statutory auditor or the audit firm shall be appointed by the general meeting of shareholders/associates of the audited entity.

#### **Article 45**

##### **Dismissal and resignation of statutory auditors or audit firms**

(1) Statutory auditors or audit firms can be dismissed only when there are solid grounds. Divergence of opinions on accounting treatments or audit procedures shall not be proper grounds for dismissal.

(2) The audited entity, the statutory auditor or the audited firm, inform the public oversight board, as referred to in Title II, concerning the dismissal or resignation during the term of appointment and give an adequate explanation of the reason of the dismissal or resignation, as the case may be.

## **Chapter 10**

### **Special provisions for the statutory audit of public interest entities**

#### **Article 46**

##### **Transparency report**

(1) Statutory auditors and audit firms, performing the statutory audit of public interest entities, publish on their websites, within three months since the end of each financial year, an annual transparency report that includes at least the following:

- a) a description of the legal structure and of the shareholders of the audit firm;
- b) a description of the network and of the legal and structural arrangements in the network, if the audit firm belongs to a network;
- c) a description of the governance structure of the audit firm;
- d) a description of the internal quality control system existing in the audit firm and a statement of the administrative or management body on the effectiveness of its functioning;
- e) an indication of when the last independent quality assurance review referred to in Art. 31 took place;
- f) a list of public interest entities for which statutory audits have been provided by the audit firm during the preceding financial year;
- g) a statement concerning the audit firm's independence practices which also confirms that an internal independence compliance review has been conducted;
- h) a statement on the policy followed by the audit firm concerning the continuing education of statutory auditors referred to in Article 11;
- i) financial information showing the importance of the audit firm, such as the total turnover divided into fees from the statutory audit of annual and consolidated accounts, and fees charged for other professional services necessary for improving the quality of the information, tax advisory services and other non-audit services;
- j) information concerning the basis for the partners' remuneration.

(2) In exceptional circumstances, the Chamber can disapply, with the notice of the public oversight board referred to in Title II, the disclosure of information referred to in paragraph (1) let. (f) in the transparency report, to the extent necessary to reduce an imminent and significant threat to the personal security of any person.

(3) The transparency report shall be signed by the statutory auditor or by the legal representative of the audit firm, as the case may be. This can be also done by means of electronic signature, according to the legal provisions in place.

#### **Article 47**

## **Audit Committee**

(1) Each public-interest entity shall have an audit committee. The regulatory authorities of the public interest entities shall determine whether this audit committee is to be composed of non-executive members of the administrative body and/or members of the supervisory body of the audited entity and/or members appointed by the general meeting of shareholders of the audited entity, in accordance to the legislation in place. At least one member of the audit committee shall be independent and shall have competence in accounting and/or auditing.

(2) Without prejudice to the responsibility of the members of the administrative, management or supervisory bodies, or of other members who are appointed by the general meeting of shareholders of the audited entity, the audit committee shall, inter alia:

a) monitor the financial reporting process;

b) monitor the effectiveness of the company's internal control, internal audit, depending on the case and, where applicable, the risk management systems of the company;

c) monitor the statutory audit of the annual and consolidated accounts;

d) review and monitor the independence of the statutory auditor or audit firm, and in particular the provision of additional services to the audited entity..

(3) In case of public interest entities, the proposal of the administrative or supervisory body for the appointment of a statutory auditor or audit firm shall be based on a recommendation made by the audit committee.

(4) The statutory auditor or audit firm shall report to the audit committee on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process..

(5) For the application of the provisions in paragraphs. (1)-(4), the Chamber recommends implementation measure which are being approved by the public oversight board referred to in Title II.

## **Article 48**

### **Independence in case of the audits of public interest entities**

(1) In addition to the provisions in Art. 21 and 26, statutory auditors and audit firms performing statutory audits of the public interest entities, inter alia:

a) confirm annually in writing to the audit committee their independence from the audited public interest entity;

b) disclose annually to the audit committee the additional services provided to the audited entity; and

c) discuss with the audit committee the threats to their independence and the safeguards applied to reduce those threats, as they are documented pursuant Art. 23.

(2) Key audit partner(s) responsible for carrying out a statutory audit rotate(s), on a mandatory base, from the audit engagement within a maximum period of 7 years from

the date of appointment and is/are allowed to participate in the audit of the audited entity again after a period of at least 2 years.

(3) The statutory auditor or the key audit partner who carries out a statutory audit on behalf of an audit firm shall not be allowed to take up a key management position in the audited entity before a period of at least two years has elapsed since he or she resigned as a statutory auditor or key audit partner from the audit engagement.

(4) The public oversight board, as referred to in Title II, prepares and publishes an annual report on the independence matters transmitted by the individual statutory auditors, audit firms and by the president of the Chamber, and submits it to the bodies having regulatory attributions in the field of accounting.

(5) In case of a statutory audit of a public interest entity, if safeguards to the independence of the statutory auditor or audit firm should be imposed, the statutory auditor or the audit firm cannot perform a statutory audit, when there is a self-assessment case of assessing his/her/its own activity or in his/her/its own interest.

#### **Article 49**

The quality assurance review referred to in Article 31 shall be carried out at least every three years for statutory auditors or audit firms that carry out statutory audits of public interest entities.

### **Chapter 11**

#### **International aspects**

#### **Article 50**

##### **Approval of auditors from third countries**

(1) Subject to reciprocity, the Chamber can approve an auditor from a third country as statutory auditor, if that person has provided evidence that he or she complies with requirements equivalent to those laid down in Art. 4 and 11.

(2) The Chamber applies the requirements laid down in Art. 12, before granting approval to a third-country auditor who meets the requirements of par. (1).

#### **Article 51**

##### **Registration and oversight of third country auditors and audit entities**

(1) The Chamber registers, in accordance to Art. 14 – 16, each auditor and audit firm from third countries, that presents an audit report on the annual or consolidated financial statements of a company outside the European Union and whose securities are admitted for trading on a Romanian regulated market, according to the capital market legislation in place. Exceptions are made when the securities issuer is a company issuing exclusively



securities admitted for trading on a regulated market in a Member State, according to the capital market legislation in place, whose denomination per unit is of at least 50 000 EUR or, in case of debt securities denominated in another currency, equivalent to at least 50 000 EUR, at the date of issue.

(2) The registration of auditors and audit entities from third countries is performed by meeting the provisions in Art. 14 par. (9), Art. 17 and 18 on the information comprised in the public registry.

(3) Auditors and audit entities registered in third countries and licensed to perform statutory audit in Romania are subjected to the quality oversight systems, quality assurance systems and investigations and penalties systems of Romania, organized in accordance with the present Emergency Ordinance.

(4) Audit reports on the annual or consolidated financial statements referred to in paragraph (1), issued by auditors or audit entities registered in third countries, who are not licensed to perform statutory audit in Romania, do not have the legal recognition in Romania.

## **Article 52**

### **Requirements for the registration of third country audit entities**

(1) The Chamber can register third country entities only if:

- a) they meet requirements equivalent to those referred to in Art. 4 and 5;
- b) the majority of the administrative or management body members of the third country audit entity meet requirements equivalent to those referred to in Art. 4 and 6;
- c) the third country auditor performing the audit in the name of a third country audit entity meets requirements equivalent to those referred to in Art. 4 and 6;
- d) annual or consolidated financial statements audits referred to in Art. 51 par. (1) are performed in accordance with the International Standards on Auditing, as stipulated in Art. 28, as well as with the requirements referred to in Art. 21, Art. 23, Art. 26, Art. 27 and Art. 48 par. (5) or with equivalent standards and requirements; and
- e) publish on their website an annual transparency report, comprising the information referred to in Art. 46 or meet equivalent requirements on the publication of information.

(2) In order to ensure the uniform application of par. (1) let. d), the equivalence mentioned under the respective letter is being assessed and decided by the European Commission in cooperation with Member States.

(3) Until the adoption of a decision by the European Commission, under the oversight of the public oversight board referred to in Title II, it can assess, by its own, the equivalence referred to in par. (1) let. d).

## **TITLE II**

### **PUBLIC OVERSIGHT BOARD OF THE STATUTORY AUDIT ACTIVITY**

#### **Chapter 12**

### **The Establishment of the Public Oversight Board of the Statutory Audit Activity**

### **Article 53**

(1) The Public Oversight Board of the Activity of Statutory Audit is being established, hereafter called the Board.

(2) The Public Oversight Board of the Activity of Statutory Audit is the competent authority in the field of public oversight of the statutory audit.

(3) The Board functions beside the Ministry of Economy and Finance until the 31 of December 2008 and, beginning with 1 January 2009, under the Romanian Government, beside the Prime Minister's Chancellery.

(4) The Board is a public autonomous institution, having legal personality, established for the purpose of ensuring the public interest oversight, according to the principles comprised by the 2006/43/EC Directive of 17 May 2006 of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/ 660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

### **Article 54**

The Board has, mainly, the following objectives:

a) Public oversight of the statutory audit activity, according to the European directives in the field;

b) Establishing the strategic plan on the public oversight activity of the statutory audit;

c) Monitoring and coordinating the process of applying in Romania the International Standards on Auditing (ISAs) and of the Code of Ethics;

d) Promoting and following the strengthening of the public trust in the activity of statutory audit of the annual and consolidated financial statements;

e) Establishing the cooperation and communication with the international bodies in the field of International Standards on Auditing (ISAs), of statutory audit and public oversight and with other bodies in the area, in the process of drafting and implementing the specific standards for the statutory audit field, as well as the establishment of the adequate framework for facing their requests;

f) representing Romania, besides other professional bodies, within the international bodies in the field of International Standards on Auditing (ISAs), of statutory audit and public oversight, by the specialized staff's attendance to the reunions of these bodies;

g) drafting proposals to the Government, regarding the modification and amendment of the Organization and Functioning Regulation of the Council;

h) sending information and answers to the European Commission requests, in what regards the statutory audit profession and public oversight, at national level, of the statutory audit activity.

### **Article 55**

(1) The Public Oversight Board of the Activity of Statutory Audit is being lead by a Superior Council.

(2) The activity of the Council takes place within the specialized departments established by an internal Organization and Functioning Regulation, approved by the Superior Council.

(3) Within the Board, the Disciplinary Commission is being established and functions.

(4) To ensure the interface between the specialized departments and the Superior Council and to support the Superior Council in the decision-making process in the field of statutory audit and public oversight in this field, the Executive Committee is being constituted.

(5) The Executive Committee represents the operational structure of the Board. The structure of the Executive Committee is that stipulated in the Organization and Functioning Regulation of the Board, referred to in Chapter 13.

(6) Within the Board, a Secretariat is functioning, serving the internal structures of the Board.

#### **Article 56**

The application of the disciplinary and sanctioning procedures regarding the departures from the legislation and practice of statutory audit is being by the Disciplinary Commission. The Functioning Rules of the Disciplinary Commission are approved by the Superior Council.

#### **Article 57**

(1) The Organization and Functioning of the Board are referred to in Chapter 13.

(2) The Organization and Functioning Regulation of the Board can be modified or amended, by the Superior Council decision.

(3) Within 6 months since the appointment of its members, the Superior Council has to endorse the Organization and Functioning Regulation of the Board.

### **Chapter 13**

## **Organization and Functioning of the Public Oversight Board of the Statutory Audit Activity**

#### **Article 58**

(1) The Board represents the main operational structure of the national system of public oversight of the statutory audit activity and performs attributions related to this competency. In this quality, the Council is the authority responsible for the organization of an efficient and effective public oversight of the statutory auditors and audit firms.

(2) The Board is the main national authority that ensures the observance and the harmonization of the statutory audit activity to the decisions taken at the European Commission level in the field of International Standards on Auditing (ISAs) and of the Code of Ethics.

#### **Article 59**

- (1) The principles of public oversight are those referred to in Title I.
- (2) The Board represents the authority within the public oversight system having the final responsibility for the oversight of the following activities:
  - a) Approval and registration of Romanian statutory auditors and audit firms, in accordance with the provisions of the regulation issued for this purpose;
  - b) Adoption of the standards on ethics and internal quality system of the statutory auditors, audit firms and the statutory audit activity;
  - c) Continuous professional development;
  - d) Quality assurance and performing quality assurance reviews;
  - e) Quality assurance and investigative assurance.
- (3) The Board obliges the Chamber to implement policies, regulations, rules, procedures and activities, for the purpose of protecting the public interest, in accordance with the European Commission requirements.
- (4) In order to ensure the different parties representing the public interest, as they are referred to in the Emergency Ordinance, that the statutory auditors meet the International Standards on Auditing (ISAs), the Code of Ethics and the independence rules, the adequacy of fees and other aspects that can affect the auditor's repute, the Board, through the Disciplinary Commission, is entitled to perform investigations regarding the statutory auditors and audit firms, as well as any other aspects decided by the Superior Council and to take the necessary measures in this regard.

#### **Article 60**

The Board ensures the cooperation with the correspondent bodies from the European Union Member States, as the authority responsible for the accomplishment of this cooperation in what concerns the public oversight activity. In this regard, the cooperation agreements concluded by the Board have to permit the effective cooperation with the correspondent bodies from other European Union Member States.

#### **Article 61**

The Board, through its specialized departments established by the internal Organization and Functioning Regulation, has the following attributions:

- a) oversees, according to the annual plan in established, the quality control in the field of statutory audit;
- b) monitors the way in which the Romanian legal framework corresponds to the measures adopted at the European Commission level, on the statutory auditors' independence;
- c) concludes cooperation agreements with the correspondent bodies from the European Union Member States in the field of public oversight of the statutory audit activity;
- d) provides the Government and State institutions with information regarding the public oversight of the statutory audit activity, as well as with information on the adoption and implementation of the International Standards on Auditing in Romania;
- e) continuously improving the framework, approves the ways forward and the methods regarding the periodic inspections performs within these systems and ensures

their adequate implementation by the Chamber, according to the requirements comprised in the present Emergency Ordinance on the statutory audit quality assurance systems;

f) takes measures in view of adequate performance of inspections and follows their results;

g) monitors the Chamber's activity regarding the approval of statutory auditors and audit firms, as well as regarding the Public Register;

h) advises the norms and regulations issued by the Chamber on the statutory audit activity;

i) issues its own norms and regulations on the public oversight of the statutory audit activity, under the terms of the Organization and Functioning Regulation of the Board;

j) monitors the continuous professional development of statutory auditors;

k) conducts its own investigations on the statutory auditors and audit firms and takes the necessary measures following the findings;

l) analyses the annual report developed and submitted by the Chamber, on the quality control activity and, upon the case, obliges the Chamber to take the imposing measures.

### **Professional secrecy and cooperation with the Members States in the field of audit regulation**

#### **Article 62**

(1) The Board, in its capacity of competent authority, cooperates with the competent authorities in other Member States for the approval of statutory auditors and audit firms, registration, quality assurance, inspection and discipline, whenever necessary and renders assistance to these authorities, for the purpose of accomplishing its responsibilities, according to this Emergency Ordinance.

(2) The cooperation with the competent authorities in other Member States mainly refers to the exchange of information, documents, assistance, as well as in conducting investigations related to the carrying-out of statutory audits.

(3) By meeting the provisions of par. (4), the competent authority takes measures for promptly communicating the information, documents and rendering assistance to the authorities requesting it/them.

(4) The persons employed or formerly employed by the Chamber are obliged to professional secrecy and meeting the confidentiality requirements. The information covered by professional secrecy cannot be disclosed to any other person or authority, except by virtue of other laws in place, or special provisions in this regard. The Board will prepare, within 6 months since the adoption of the present Emergency Governance, internal regulations that ensure the application of the provisions in the present paragraph.

#### **Article 63**

(1) The provisions in Art. 62 par. (4) do not prevent the Board and the Chamber to exchange confidential information. The information thus exchanged make the object of

professional secrecy, applying to the persons employed or formerly employed by the Board and the Chamber.

(2) The Board and the Chamber, through the specialized departments, provide, upon request and without any undue delay, any information requested according to the provisions in par. (1) and (2) of Art. 62. Upon the case, when the Board or the Chamber receives such requests, it takes the necessary measure to gather, without any undue delay, the requested information. The information thus provided make the object of professional secrecy, applying to the persons employed or formerly employed by the Board and the Chamber.

(3) In case the competent authority in Romania, to which the request has been addressed, cannot provide the information requested without delay, it shall notify the reasons of the delay to the competent authority in the field of statutory audit, filing the request. The Board defines in its internal regulation the term of „undue delay”.

(4) The Board and the Chamber, through their specialized departments, can refuse to give way to an information request, when:

a) supplying the requested information might affect the sovereignty, security and public order of Romania; or

b) judicial proceedings have already been initiated in respect of the same actions and against the same statutory auditors or audit firms by the Romania authorities to which the request was addressed; or

c) final judgement has already been passed in respect of the same actions and on the same statutory auditors or audit firms by the competent authorities to which the request was addressed; or

d) the request is motivated by other intentions than those related to the accomplishment of the competencies belonging to the authority filing the request, related to the public oversight and the control of the activity of statutory audit activity of the financial statements and the implementation of the procedure regarding the statutory audit practice; and

e) the persons formerly employed or currently employed by the authority requesting the information, are not submitted to professional confidentiality agreements; or

f) there is a significant risk that the information, documents or assistance requested to be disclosed to other persons or authorities than the authority filing the request, except when such disclosures are not authorized in the context of the procedures established by legal, regulatory or administrative provisions regarding the statutory audit practice.

#### **Article 64**

The information and documents received by the Board and/or Chamber in the context of cooperation with the authorities in other European Union Member States, having similar powers, cannot be used otherwise than for the purpose of performing the tasks or in the context of the procedures on carrying-out statutory audits.

#### **Article 65**

(1) When the Board or the Chamber notice that deeds are being or were committed contrary to the Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts on the territory of another Member State, they inform/notify the competent authority in that European Union Member State, regarding this finding, by exposing as clear as possible the reasons leading to this conclusion.

(2) In case the competent authority of another Member State informs the Board regarding the acts committed contrary to the statutory audit legislation, on the Romanian territory, by the statutory auditors or audit firms approved to carry out statutory audits in Romania, the Board has to take the necessary measures. In this case, the Board informs the competent authority that made the notification on the result of the measures undertaken and, to the extent possible, informs on the significant intermediary evolutions.

### **Article 66**

(1) The Board and the Chamber can request an investigation, conducted by the competent authority of another Member State, on the territory of the latter, regarding the elements referred to in Art. 65.

(2) The Board and the Chamber can also request, that some of its own employees accompany the staff of the competent authority of the other Member State all throughout the investigation.

(3) Competent authorities in the field of statutory audit from another Member State can request the Board and/or the Chamber to conduct an investigation on the Romanian territory.

(4) ) Competent authorities in the field of statutory audit from another Member State can request the Board and/or the Chamber, that some of their own employees to be allowed to accompany the staff of the Board and/or of the Chamber all throughout the investigation.

(5) The investigation shall be subject to the overall control of the competent authority of the Member State on whose territory it is conducted.

(6) Romanian competent authorities can refuse to act on a request for an investigation, as provided for in par. (1) and (3) of this Article, or on a request for the staff of the authorities in other Member States to be accompanied by the staff of the Romanian competent authorities (the Board and/or the Chamber), as referred to in par. (2) and (4) of this Article, when:

a) such an investigation might affect the sovereignty, security or public order of the requested Member State; or

b) judicial proceedings have already been initiated in respect of the same actions and against the same persons by the authorities of the requested Member State; or

c) final judgment has already been passed in respect of the same actions on such persons by the competent authorities of the requested Member State.

### **Article 67**

#### **Cooperation with third country competent authorities**

(1) The Board can allow the transfer of audit files or of other papers held by the statutory auditors or audit firms approved by the Board, to the competent authorities in a third country, if the following conditions are satisfied:

a) these audit papers or other documents are related to the audits of the companies having issued securities in that third country or who are part of a network preparing consolidated annual financial statements in that third country;

b) the transfer shall take place to the competent authorities in that third country and upon their request, through the competent authorities in Romania;

c) the respective third country competent authorities fall under the requirements considered adequate, in accordance with par. (3);

d) there are mutual cooperation agreements, concluded between the respective competent authorities;

e) the transfer of personal data to the third country shall be made in accordance with the legislation of transposing the European provisions on the protection of the individuals and on the free movement of such personal data.

(2) The mutual cooperation agreements concluded between the competent authorities referred to in par. (1) let. d), shall ensure that:

a) the competent authorities in that third country justify the reasons for requesting the audit papers and other documents;

b) the persons employed or formerly employed by the competent authorities of the third country that receive the information are subject to obligations of professional secrecy;

c) the competent authorities of the third country may use audit files and other documents only for the exercise of their functions of public oversight, quality assurance and investigations that meet requirements equivalent to those in Title I;

d) the request from a competent authority of a third country for audit files or other documents held by a statutory auditor or audit firm can be refused when:

i) the provision of those audit files or documents would adversely affect the sovereignty, security or public order of Romania or the European Community; or

ii) judicial proceedings have already been initiated in respect of the same actions and against the same persons by the Romanian authorities; or

iii) final judgement has already been passed in respect of the same actions and on the same persons by the competent authorities of the Member State to which the request was addressed.

(3) The adequacy referred to in par. (1) let. c) of this Article shall be decided by the European Commission, in accordance with the procedure referred to in Art. 48 par. (2) of the Directive 2006/43/EC, in order to facilitate cooperation between competent authorities. The assessment of adequacy shall be carried out by the European Commission in cooperation with the Chamber and is based on the requirements regarding professional secrecy and cooperation between Member States in the field of regulation.

(4) In exceptional cases and by way of derogation from par. (1), the Board or the Chamber, depending on the case, may allow statutory auditors or audit firms approved and/or authorized by the competent authorities established by the present Emergency Ordinance, to transfer copies of the audit files and of other documents directly to the third country competent authorities, provided that:



- a) investigations have been initiated by the competent authorities in that third country;
  - b) the transfer does not conflict with the obligations with which statutory auditors and audit firms are required to comply in relation to the transfer of audit files and other documents to their home competent authority;
  - c) there are cooperation agreements with the competent authorities of that third country outside the European Union that allow the competent authorities in the Member State reciprocal direct access to audit files and other documents of that third-country's audit entities;
  - d) the requesting competent authority of the third country informs in advance the home competent authority of the statutory auditor or audit firm of each direct request for information, indicating the reasons therefore;
  - e) the conditions referred to in paragraph (2) are respected.
- (5) The Board, as national public oversight body, informs the European Commission on the cooperation agreements referred to in par. (1) let. d) and in par. (4) let. c).
- (6) The draft cooperation and access to information agreements are submitted to the Board's members for approval. The approval of draft agreements is made by the Superior Council decision.
- (7) The Board and the Chamber establish the procedure for approving the cooperation and access to information agreements.
- (8) The agreements are signed by the President of the Board.
- (9) The internal regulation issued by the Board establishes the attribution of the Board and of the Chamber in what regards the accomplishment of the attributions resulted from the application of the provisions comprised in the present Emergency Ordinance regarding the cooperation with the authorities in other Member States and in third countries.

## **Article 68**

- (1) The members of the Superior Council of the Board are the representatives appointed by the regulatory institutions in the accountancy field, that is: Ministry of Economy and Finance, National Bank of Romania, Romanian National Securities Commission, Insurance Supervisory Commission, Supervisory Commission of the Private Pensions System, Ministry of Justice, the professional bodies in the field, as well as representatives of the university academia and of the Romanian business environment.
- (2) The Superior Council is lead by a president chosen among the representatives of the regulatory authorities (Ministry of Economy and Finance, National Bank of Romania, the Romanian National Securities Commission, Insurance Supervisory Commission, Supervisory Commission of the Private Pensions System).
- (3) The presidency of the Superior Council is granted by rotation to each of the representatives of the regulatory authorities represented in the Board.
- (4) The Superior Council consists of 11 members and has the following structure:
- i) the minister of economy and finance or a representative of the Ministry of Economy and Finance, appointed by the minister;
  - ii) the minister of justice or a representative of the Ministry of Justice, appointed by the minister;

- iii) the governor of the National Bank of Romania or a representative of this institution, appointed by the governor;
- iv) the president of the Romanian National Securities Commission or a representative of this institution, appointed by the president;
- v) the president of the Insurance Supervisory Commission or a representative of this institution, appointed by the president;
- vi) the president of the Supervisory Commission of the Private Pensions System or a representative of this institution, appointed by the president;
- vii) the president of the Chamber of Financial Auditors of Romania, or a representative of this institution, appointed by the Chamber Council;
- viii) a member of the Chamber of Financial Auditors of Romania, an auditor of the financial statements prepared by the public interest entities, appointed by the Chamber Council;
- ix) the president of the Body of Expert and Licensed Accountants of Romania or a representative of this institution, appointed by the Superior Council of this institution;
- x) a representative of the academia, appointed by the Association of Economic Faculties in Romania (AFER);
- xi) a representative appointed by the employer confederations, representative at national level and which are recognized at international level.

(5) Except the president of the Chamber of Financial Auditors of Romania or his representative, as well as except the financial auditor, member of the Chamber, all the members of the Superior Council shall be non-practitioners.

(6) Depending on the aspects submitted to the debate and approval, the representatives in the Superior Council can be accompanied during its meetings by 1 – 2 guests, these guests not being entitled to vote. The persons invited can be representatives of the professional associations and they fall under the rules regarding confidentiality and the avoidance of conflicts of interest, established by the Emergency Ordinance, related to the members of the Superior Council and the specialized staff.

(7) The Superior Council gathers at least quarterly and whenever necessary and is being chaired by the president or, in the absence of the president, by a person appointed by the president.

(8) The convocation of the Superior Council is made upon the president's request or upon the request of a number of members representing at least a third of the total members.

(9) The length of the Superior Council members' term is of 3 years, with the possibility of renewing the mandate twice, upon the proposal of the institution appointing him/her.

(11) In case the members' domicile is in another town than the one where the meetings of the Superior Council take place, their expenses incurred with the transport and accommodation will be reimbursed.

## **Article 69**

The Superior Council has the following attributions:

- a) establishes the field of the current activities of the specialized departments and takes the necessary measure in order to ensure the high quality of their activity;

- b) approves the annual action and strategic plans of the Board, put into practice by the specialized departments;
- c) approves the report presented to the Board by the coordinating Executive Director on the specialized departments activity, the progresses registered in the activity they perform and revises the action and strategic plans of the Board, if necessary;
- d) approves the criteria and rules for the employment and remuneration of the specialized departments staff, according to the law, so that there are no incompatibilities and conflicts of interest and follows their subsequent application;
- e) approves the internal Organization and Functioning Regulation of the Board;
- f) appoints the president of the Disciplinary Commission elected among its members, upon their proposal;
- g) approves the internal Regulation of the Disciplinary Commission;
- h) follows the insurances of transparency toward the interested public, the results of the monitoring and public oversight, for the purpose of improving the audit activity, by publishing the Board's annual activity report, as well as other public interest information;
- i) informs the Government, regarding the activity performed, by means of the annual report on the Board's activity, or upon these institutions' request;
- j) approves the expenses and revenues budget of the Board;
- k) analyses and approves the execution of the expenses and revenues budget for the financial year ended;
- l) follows the accomplishment of any attributions in the field, resulting for the present Emergency Ordinance.

#### **Article 70**

- (1) The Board performs its activity according to the present Emergency Ordinance, as well as according to the internal Organization and Functioning Regulation.
- (2) The internal Organization and Functioning Regulation of the Board is approved by the Superior Council, by qualified majority of 75% of the votes.
- (3) The meetings of the Superior Council are statutory only if two thirds of its members are attending.
- (4) The decisions of the Superior Council are adopted by open vote, by the rule of simple majority of the persons present. In case of equality of votes, the president has the decisive vote.
- (5) The public interest decisions of the Superior Council shall be published in the Official Journal of Romania, Part I.

#### **Article 71**

- (1) To support the activity of the specialized departments and to analyze some specific aspects, technical commissions can be established within the Board.
- (2) The technical commissions are being established by the Superior Council decision, according to the internal Organization and Functioning Regulation of the Board.
- (3) Depending on the aspects subject to analysis within the specialized departments, technical commissions can consist of experts in the field, representatives of the Ministry of Economy and Finance, the National Bank of Romania, Romanian National Securities

Commission, Insurance Supervisory Commission, Supervisory Commission of the Private Pensions System, academia from this field, the business environment, as well as statutory auditors appointed by the Chamber of Financial Auditors of Romania or members of the Body of Expert and Licensed Accountants of Romania appointed by this institution, with experience in the aspects analyzed within the technical commissions.

(4) The persons that are part of the specialized departments and of the technical commissions can be persons employed according to the law, persons delegated/appointed by the institutions involved or persons operating on a mandate basis.

(5) The persons that are part of the technical commission can be persons satisfying one of the following conditions:

a) operated or are currently operating in an institution having regulatory attributions in the field of accountancy or auditing;

b) have diplomas in the field of accountancy and auditing, issued by institutions recognized at national or international level;

c) have relevant experience in the practice of financial statements audit or preparing financial statements;

d) are academics with experience in the field of statutory audit and accountancy;

e) have a good repute, in the understanding of the provisions in Art. 4 par. (2) let. a) of Title I.

## **Article 72**

(1) The Executive Committee is the operating structure of the Board.

(2) The Executive Committee consists of the heads of the specialized departments of the Board, according to the internal Organization and Functioning Regulation of the Board.

(3) The Executive Committee is directly subordinated to the Superior Council.

(4) The Superior Council names, among the members of the Executive Committee, a coordinating Executive Director.

(5) The attributions of the Executive Committee and of the coordinating Executive Director are established by the Superior Council in the internal Organization and Functioning Regulation and are subordinated to the accomplishment of the basic objectives of the Board.

## **Article 73**

(1) The Disciplinary Commission is the investigation and discipline structure for the statutory auditors and audit firms in Romania.

(2) The Disciplinary Commission issues decisions and imposes sanctions in accordance with its internal Regulation.

(3) The Disciplinary Commission is responsible for the administration and performance of the claim filing and discipline procedures in the field of statutory audit.

(4) The Disciplinary Commission is composed of 3 members, as follows:

i) two representatives of the Ministry of Economy and Finance, appointed by the ministry of economy and finance;

ii) a representative of the Chamber of Financial Auditors of Romania, appointed by the Chamber Council.

(5) The members of the Disciplinary Commission have the obligation to meet the professional secrecy and to avoid the conflict on interests.

(6) The length of the period for which the members of the Disciplinary Commission are appointed is of 3 years, being entitled to renew their mandate twice.

(7) The Disciplinary Commission is lead by a president elected among its members.

(8) The procedures of the Disciplinary Commission and the means of administrating them are comprised in its internal regulation. The internal regulation of the Disciplinary Commission is approved by a majority of 66% of the overall number of the Disciplinary Commission members.

(9) The decisions of the Disciplinary Commission are taken by simple majority, provided that two of the members are present. In case of equality of votes, the president has the decisive vote.

(10) The members of the Disciplinary Commission cannot be represented by persons replacing them.

(11) The Disciplinary Commission can impose the following sanctions:

a) reprimand;

b) restriction (withdrawal or partial or final suspension) of the right to practise;

c) penalty according to the Disciplinary Commission decision;

d) withdrawal of the approval.

(12) The total amount of the penalties referred to in par. (11) let. c) shall be established by the Regulation issued by the Disciplinary Commission.

(13) The aspects related to the complains against the statutory auditors, respectively the audit firms, submitted by third parties, including public authorities, to the decision issued and taken by the Disciplinary Commission, the means appeal, the solving of the appeals received from the statutory auditors, respectively the audit firms, are being details within the internal Regulation of the Disciplinary Commission.

(14) For the purpose of achieving its attribution, the Disciplinary Commission collaborates, whenever necessary, with the Chamber.

## **The headquarters of the Board**

### **Article 74**

(1) The headquarters of the Board are located in the municipality of Bucharest, No. 12 Libertății Bd, 5<sup>th</sup> district.

(2) For a period of 5 years, the Government ensure an adequate location for the functioning of the Board, with the possibility of extending this term.

## **Staff, organizational structure and accounting of the Board**

### **Article 75**

(1) The Board performs its activity based on its own expenses and revenues budget.

- (2) The number of positions within the Board is being established by the internal Organization and Functioning Regulation, to the maximum limit of 25 positions.
- (3) The organizational structure, the attributions and the responsibilities of the staff are being established by the internal Organization and Functioning Regulation of the Board.
- (4) The accounting of the Board is organized separately, according to the specific regulations.

#### **Article 76**

The members of the Superior Council and of the Disciplinary Commission, the staff of the specialized departments, as well as the persons that are part of the technical commissions develop their activity so that they avoid the conflict of interests. The conflict of interests shall be defined in the internal Organization and Functioning Regulation.

#### **Financing**

#### **Article 77**

- (1) The financing of the Board has to be certain and beyond any influences exercised by the statutory auditors, audit firms or other interested parties.
- (2) The financing of the Board is ensured from contribution to the extent of 60% and subventions granted from the State budget to the extent of 40%.
- (3) The subventions from the State budget come from by the Ministry of Economy and Finance, for the year 2008, and from the budget of the Prime Minister's Chancellery, beginning with 2009.

#### **Article 78**

- (1) The financing of the Board is the following:
  - i) 40% of the overall expenses, from the State budget;
  - ii) 60% of the overall expenses from the contributions of the institutions represented within the Board, according to the provisions in par. (2) of this article.
- (2) National Bank of Romania, Romanian National Securities Commission, Insurance Supervisory Commission, Supervisory Commission of the Private Pensions System, Chamber of Financial Auditors of Romania and the Body of Expert and Licensed Accountants of Romania contribute to the financing of the Board, as follows:
  - i) National Bank of Romania, 17% of the overall budget expenses, according to the provisions of par. (1);
  - ii) Romanian National Securities Commission, 17% of the overall budget expenses, according to the provisions of par. (1);
  - iii) Insurance Supervisory Commission, 17% of the overall budget expenses, according to the provisions of par. (1);
  - iv) Supervisory Commission of the Private Pensions System, 17% of the overall budget expenses, according to the provisions of par. (1);

- v) Chamber of Financial Auditors of Romania, 16% of the overall budget expenses, according to the provisions of par. (1);
  - vi) Body of Expert and Licensed Accountants of Romania, 16% of the overall budget expenses, according to the provisions of par. (1);
- (3) The credit ordinator is the coordinating Executive Director of the Board.

#### **Article 79**

- (1) The remuneration and other rights of the Board staff are established taking into account the importance, accountability and complexity of the activity deployed, following the guarantee of independence and autonomy of the staff, in accordance with the law.
- (2) The level of monthly indemnities of attending the meetings for the members of the Superior Council, Disciplinary Commission and technical commissions is established by the Superior Council and cannot be higher than 20% from the basic salary of the coordinating Executive Director.

#### **Article 80**

The surpluses resulted from the Board budget execution are settled at the end of the year with the State budget, to the extent of the amount received from the budget.

#### **Article 81**

- (1) The present title enters into force 30 days since the publication in the Official Journal of Romania, of the present Emergency Ordinance.
- (2) The institutions represented within the Board will appoint their representatives in the Superior Council within 30 days since the present Emergency Ordinance enters into force.

### **TITLE III TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 82**

- (1) Within 6 months since this present Emergency Ordinance enters into force, the Government Ordinance No. 75/1999 on the financial audit activity, approved with changes and amendments by the Law No. 133/2002, republished, with the subsequent changes, as well as other normative acts regarding the audit activity will be modified and amended accordingly.
- (2) Within the term referred to in par. (1), the authorities mentioned in Art.78 par. (2) of the present Emergency Ordinance as participating to the board financing will begin the process of modifying and amending, in accordance, the specific organization and functioning regulations, depending on the case.
- (3) After the present Emergency Ordinance enters into force, all references to “financial audit” existing in the legislation previously issued, will be read as references to “statutory

audit". Accordingly, all the persons having achieved the quality of financial auditor and who are approved to exercise this profession under the conditions contained in the Government Emergency Ordinance No. 75/1999, republished, with the subsequent changes, are considered to be statutory auditors, respectively audit firms approved/authorized, under the conditions of the present Emergency Ordinance.

### **Article 83**

(1) The Board shall operate with a maximum number of 20 positions until 31 December 2008, following that the number of positions shall be established by the Organization and Functioning Regulation, which shall be approved by the Superior Council.

(2) The institutions represented within the Board, respectively the Ministry of Economy and Finance, the National bank of Romania, the Insurance Supervisory Commission, the Supervisory Commission of the Private Pensions System, the Chamber of Financial Auditors of Romania and the Body of Expert and Licensed Accountants of Romania, will detach, under the law, for the period 1 July - December 2008, 2 persons who will perform actions related to the establishment, organization and functioning of the Board.

(3) Until the 31 December 2008, the persons within the public oversight board can be public servants or contractual staff.

(4) The remuneration of the persons referred to in par. (3) is established based on the normative acts regulating the remuneration of these categories of persons within the ministries.

### **Article 84**

The provisions of the present Emergency Ordinance will be subsequently amended with the decisions of the European Commission issued in view of the application of the 2006/43/EC Directive, while it is adopted.

The present Emergency Ordinance transposes the provisions of the 2006/43/EC Directive of 17 May 2006 of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, published in the Official Journal of the European Union No. L 157/9.06.2006.

PRIME-MINISTER

**CĂLIN POPESCU-TĂRICEANU**

**Witnessed by:**

The Minister of Economy and Finance,  
**Varujan Vosganian**