Based on the results of the risk assessment, the internal audit activity should evaluate the adequacy and effectiveness of controls encompassing the organization’s governance, operations, and information systems. When planning the engagement, the internal auditor should identify and assess risks relevant to the activity under review. The engagement objectives should reflect the results of the risk assessment. Internal auditors can add value by: implementing a risk-based approach to planning and executing the internal audit process; ensuring that internal auditing’s resources are directed at those areas most important to the organization; challenging the basis of management’s risk assessment and evaluating the adequacy and effectiveness of risk treatment strategies; defining risk tolerances where none have been identified, based on internal auditing's experience, judgment, and consultation with management.

Key words: internal audit, public institution, internal control, management.

A strong internal control system is essential to effective enterprise risk management. But, a good internal control system depends, in many cases, on the existence of internal audit. Because of organizational position and authority in an entity, an internal audit function often plays a significant monitoring role. Internal auditors play an important role in monitoring enterprise risk management, but do not have primary responsibility for its implementation or maintenance. The internal audit activity’s plan of engagements should be based on a risk assessment, undertaken at least annually. Based on the results of the risk assessment, the internal audit activity should evaluate the adequacy and effectiveness of controls encompassing the organization’s governance, operations, and information systems. When planning the engagement, the internal auditor should identify and assess risks relevant to the activity under review. The engagement objectives should reflect the results of the risk assessment. Internal auditors can add value by: implementing a risk-based approach to planning and executing the internal audit process; ensuring that internal auditing’s resources are directed at those areas most important to the organization; challenging the basis of management’s risk assessments and evaluating the adequacy and effectiveness of risk treatment strategies; defining risk tolerances where none have been identified, based on internal auditing's experience, judgment, and consultation with management.
MATERIAL ŞI METHOD

The paper proposes, based on the national law and Romanian and foreign literature, to show that in Romania there are many things to improve in internal audit. Starting here, I tried to show the stages through which pass an internal auditor in the assessment of internal control of an entity, taking into account the risks associated to the entity as a whole, and the risks associated to each activity. We also took into account and attempt to dismantle prejudice that still exists, because national regulations, that internal audit would cover only the public sector. Last but not least, we proposed to demonstrate need for internal audit development in all sectors of the economy because of the benefits that such a function can bring in any entity.

RESULTS AND DISCUSSIONS

The internal audit function has occurred in the United States after the global economic crisis that began in 1929. Major U.S. companies already used the services of external audit practices - independent entities with the task of verifying and certifying the financial statements. It was noted that to achieve this certification work, the external auditors had to perform some preliminary operations: items inventory, accounts analysis, different surveys. Then appeared the idea that some of these operations can be performed by the employees, which will be supervised by the external auditors.

So, these were "auditors" who carried out the audit work in the sense that this term had it before, but "internal" because they were employees of the company. They participated at the current works of the external auditors, without prepare synthesis and conclusions. Using internal auditors allowed achieving the initial objective set: reducing business costs.

This was the moment of occurrence internal auditors, but internal audit function, as it is organized today, emerged later.

The internal audit function is one that provides reasonable assurance that decisions are "under control" of the management and that they contribute to achieve objectives. To provide this assurance, internal audit assesses the internal control and the firms’ability to achieve in an efficient manner its aims and to keep under control the risks inherent in its business.

Monitoring internal control system is a process that assesses the quality of the systems performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities, and other actions personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the board. Internal auditors play an important role in evaluating the effectiveness of control systems, and contribute to ongoing effectiveness.
The approach used by the internal auditor to assess internal control consists of two phases:

- appreciation of the existence of internal control;
- appreciation of the consistence of internal control.

The first step is to identify strengths and weaknesses of the system, the possible effects of the existence of these weaknesses, especially their incidence on the annual financial statements.

Appreciation of the consistence of internal control is made after the auditor has identified the strengths and weaknesses of the system. The purpose of this phase is to verify if the system described exist. To do this the auditor will select a number of transactions that will follow from beginning to end. The auditor will follow if the checks required are made.

Assessing internal control involves the use of specific techniques in the following phases [1]: initial knowledge of the of internal control system, system description, verifying its real existence, assessing risks related to system design, and verification of proper operation.

First knowledge of internal control system can be achieved using the following techniques:

- discussions with the manager of services concerned;
- the analysis of internal control procedures manual (if such a manual is available);
- the analysis of previous reports of internal auditors and the reports of previous external auditors;
- the analysis of organization and job description.

This step should allow the auditor to obtain knowledge of the cycle of data processing from initiating an operation to transpose them into the annual financial statements.

System description concerns transposition on paper of the cycle of data processing as noted in the previous stage. This can be presented in a narrative form or in the form of diagrams.

Checking existence of system involves the selection of the auditor of a limited number of transactions and verification of checks provided.

The risk assessment of system design aims to obtain assurance that the accounting system and internal control have been so designed as to prevent, detect and correct significant anomalies. The most used technique for the risk assessment of system design is represented by questionnaires on internal control that provides the list of main points of internal control which verification is required.

The check of implementation of internal control procedures aims to appreciate the real and consistently use of described procedures.

What we have presented up here should be the main activity of an internal auditor of a company. Unfortunately, in Romania is not exactly like that. First, many entities have not organized an internal auditing function, and those who organized such a function often have not an internal control system. Second, often the internal auditors from romanian firms hold this position only because the law
requires, they remaining with the tasks they had before. The explanation of such a situation could be that the internal audit was required by law not just in public institutions, but also in companies.

In the public sector, however, internal auditing is fairly well covered. After a awkwardly start which led to some abnormalities, the regulation of internal audit in the public sector started to become more rigorous. We consider that only in 1999 was elaborate and delivered first act - Order no. 119/1999 on internal audit and preventive financial control – which introduced in Romanian practice the phrase "internal audit". The great error that occurred in the adoption of this first act regulating the internal audit was to disband compartments of internal financial control/management, in that it referred as the new compartments of internal audit to constitute by taking over the staff and the tasks formerly compartments of internal financial control/management. We believe this has been a big error because, in the same act, internal audit was defined as „activity independently organized in the structure of public institutions and in direct subordination to the head, which consists in carrying out checks, inspections and analysis of its own internal control system, in order to make an objective assessment the extent to which the internal control system ensure that the objectives of institution are reached and the resources are used economically, effectively and efficiently and to report to management findings, weaknesses identified and measures proposed to correct deficiencies and improve performance of internal control system”[2]. Find that, in fact, through this reorganization, internal auditing of public institutions remained without the most important activity - checking the organization and functioning of the internal control system. Sure, you should not consider the financial and accounting control as all the internal control of an entity, but it is obvious that in a public institution it is, however, the most important. After three years, in 2002, has been abrogated or significantly amended legislation on internal auditing adopted in 1999 without, however, to rectify the error committed then. However, the new definition of internal audit was more comprehensive and closer to the actual requirements of such functions. So, internal audit is „independent and objective functional activity, giving insurance and advice to management for the proper administration of public revenue and expenditure, improving its public activities; helps the public to meet their objectives through a systematic and methodical approach, evaluating and improving the efficiency and effectiveness of management based on risk management, control and management processes”[3].

Unfortunately, in the new law found an anomaly, at least in shape. This is the new name which is given to the internal audit – the public internal audit. From our point of view is more than unfortunate because an activity that is intended to be internal, cannot be public and reverse. Fortunately, the meaning of the expression is, in fact, that internal audit at public institutions.

As regards the conduct of audit, regulations are many and amplify the small details the approach of internal auditor in achieving a mission, from the preparation of internal audit assignments, through the conduct of internal audit and ending with the reporting and following recommendations.
The preparation of internal audit involves, in turn, passing through several steps, such as: initiating the audit, gathering and processing informations, identification and risks analysis, development program of internal audit and, as a final step, opening session.

Conducting a proper audit comprises four phases, namely: collecting proves, finding and reporting irregularities, review documents and closing session.

Last stage of an internal audit mission is reporting, having to turn several phases, as follows: preparation of audit report draft, transmission of audit intern report, conciliation meeting, preparation of audit intern report, dissemination of audit intern report, supervision of mission and follow recommendations.

In addition to the rules and guidelines which presents the methodology of achieving internal audit missions, there are International Standards of Internal Audit and a Code of ethics of the internal auditor, which may be internal auditors reference in our country.

Moreover, in 2004, was founded Internal Auditors Association from Romania. It is recognized and supported as the sole national representative of the Institute of Internal Auditors (IIA)[4]. We can not say that the organization currently has a role in regulating the activity of internal audit in Romania, just because this activity was compulsory from their appearance only for the public sector (public institutions). In the private sector of the economy, the requirement to organize the internal audit has been imposed only for companies that have financial statements audited by financial/statutory auditors. From our point of view, imposing obligations on internal audit for private firms is not a normal act becauase, as shown in early paper, sooner or later, this function would emerge from practical needs, respectively from the desire of enterprises to pay lower fees for audit firms. We can not say that is bad in itself that the law imposed such a requirement, but, especially in the absence of an internal control systemis clear that the purpose for which is set up compartments of internal audit is not reached.

Of those presented here by, the first interested in creating and developing internal audit function should be businesses, especially large companies. But, the internal audit concerns also small and medium enterprises to the extent that they may bear the cost that it implies an internal audit service.

If we agreed that internal audit can apply to all businesses regardless of their size, we can say that there is no restriction regarding the business profile. Industrial, trade and the services companies, all are able to develop such a function.

Because the concept of audit occurred in the financial accounting field, are many who believe that when speaking about internal audit must be made referece only to the financial - accounting function. But, objectives and methodology of internal audit are universal, in the sense that they apply to all activities allowing better holding them under control.
CONCLUSIONS

Although there is sufficient information relating to internal audit and a long practice in the world, in Romania we consider to be most important to obtain financial advantages than entry into normality. Thus, the state regulate ambiguous internal audit in the private sector, Chamber of Financial Auditors of Romania, although manages another activity, chose to handle and internal audit, which maintain the confusion that has existed from beginning between financial audit and internal audit, and Internal Auditors Association from Romania, which was established in order to better manage the internal audit, has any influence in this area. Also, the expression internal audit, otherwise sufficiently clear defined, still gives many difficulties, being confused with the external audit, or with the forms of internal control. We can not say that in Romania there was nothing good in the field of internal audit, but we can ask why, when there are a very rich literature and a long experience, worldwide, in this area, confusions and ambiguities persist.

BIBLIOGRAPHY