

News on internal audit



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Companies Without Internal Audit are Reported

Hello,

Given the current legal obligations and recent changes regarding the annual reporting requirements of financial audit activities to ASPAAS ("The Authority for Public Oversight of Statutory Audit Activity," **which operates under the Ministry of Finance**), **financial auditors are required to report their own clients who have not established the internal audit function.**

Thus, financial auditors who, through their auditing activities of their own clients, identify companies that have not established the internal audit function, are constrained to report the companies that have not complied with this obligation through the Financial Auditors' Activity Report.

What are the reporting premises?

We remind you that according to **Article 65, paragraph (7) of Law no. 162/2017**, all entities subject to Statutory Audit are obliged to establish a functional Internal Audit. According to Article 44 of the same law, **failure to comply with this obligation can lead to fines between 50,000 and 100,000 RON.**

According to the provisions of **Government Emergency Ordinance 75/1999**, the persons responsible for organizing Internal Audit activities must be active financial auditors certified by CAFR ("The Chamber of Financial Auditors of Romania").

What will be the effects of reporting?

We share with you that, at this moment, there is no framework regarding how this disclosed information will be used, but there are signs that, it creates the premises for **initiating inspections by authorities under the Ministry of Finance**, conducting verifications, and imposing sanctions.

In the case of group internal audit implemented at the level of multinational companies or, in general, in the case of any company that has established the internal audit function without meeting the CAFR certification requirement of the auditor, **the legal obligation is not fulfilled** and thus they will be reported by the financial auditors.

What can you do?

If you have not established the internal audit function despite having the obligation to do so, **we recommend prioritizing** this matter to mitigate potential impactful consequences.

NOA can assist you in this endeavor, and to begin establishing the internal audit function, you can write to us at office@noagroup.ro, and a colleague will provide you with additional information and a presentation of our internal audit services.

For more details about the internal audit function (legislation, methodology, practical aspects), you can access the links below, in Romanian or English.

Auditul intern
Considerente generale
(Română)

Internal Audit
Highlights
(English)