

DOI: 10.5281/zenodo.5799096

## **THE ROLE OF JUDICIAL ACCOUNTING EXPERTISE ON ACCOUNTING INFORMATION**

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**Abstract:** *Accounting expertise is a liberal profession conducted by an expert in the field, who, using appropriate techniques and working methods, provides an opinion on the real state of a particular cause, problem or dispute. Expertise is generally „a means of proving, ascertaining, confirming, evaluating, clarifying or proving, on the basis of specialized scientific research, the objective truth about a particular fact, circumstance, problem, situation, cause or dispute” (Boulescu and Ghiță, 1996). The recipients of the accounting expertise are the authorities with competence in the investigation of cases under criminal investigation, the courts entitled to order the performance of the expertise, the parties involved in the judicial case, as well as third parties to whom the judicial accounting expertise is opposable. Depending on the purpose for which they were requested, the accounting expertise is classified as follows (Professional Standard No. 35 Accounting Expertises, 2014):*

*- judicial accounting expertise are regulated by the Code of Civil Procedure, the Code of Criminal Procedure, as well as by other special laws. This is a means of proof in court, which helps the legislator to resolve a pending dispute, based on the opinion of a specialist with recognized professional authority in the field;*

*- extrajudicial accounting expertise are carried out outside the judicial process, provides arguments for the request by the parties involved in a judicial process to: administer the evidence with expertise, to resolve disputes amicably, as well as to clarify activities carried out by individuals or legal.*

**Keywords:** *forensic accounting expertise, extrajudicial accounting expertise, financial-accounting information, impact, methodology, procedures*

**JEL Classification:** *M00, M41, M42*

## The role of forensic accounting expertise

Judicial accounting expertise is a necessity in the situation where the parties to the dispute, the courts, the criminal investigation bodies, etc. they cannot decide on the settlement of disputes, as this requires the opinion of an authorized specialist in the field who has solid knowledge and skills, as well as rich experience in the financial-accounting field.

Judicial accounting expertise is a means of proof by which, based on the research of financial-accounting data and information, by using specific working methods and techniques, the specialist provides substantiated conclusions and opinions to the judicial body on the result obtained by researching the problem and solving it, the objectives that have been set for it.

The main features of forensic accounting expertise can be defined as follows (Ionescu, 2011):

- *evidence in court*, if the court deems it necessary to find out the truth about a case before it;
- *the provision of qualified information* to the investigative bodies and the court, of a financial-accounting nature, in order to establish the reality regarding the correct settlement and under the law of the cases under investigation or trial;
- *analysis and verification of data, information* or financial-accounting documents indicated by the investigating or court bodies, as well as by third parties and providing a response to the objectives set by them;
- *evidence administered by the investigative bodies and the court*, in order to convince on the reality and the conditions of a problem under investigation;
- *occasional activity*, carried out at the request of the investigative or court bodies.

Judicial accounting expertise can be performed in all areas involving economic activity, assisting interested parties in resolving disputes of an economic or financial nature and are focused on researching the objectives set by the body that ordered the expertise.

The general feature of judicial accounting expertise is given by the fact that it is carried out within the activity of judicial bodies, according to the rules provided in the procedural laws.

Judicial accounting expertise is a mission performed by an expert accountant in order to establish the material truth, as well as the fair settlement of disputes or cases under investigation, prosecution or trial. The mission is legally, procedurally and professionally regulated, meets the objectives set by

the applicant and is carried out by applying the legislation in force for the period of expertise and the rules of professional conduct, independence and competence, as well as professional reasoning.

The accounting expertise activity is carried out in compliance with the rules of professional ethics, respectively:

- professional integrity in carrying out the mission of judicial accounting expertise mission;
- professional objectivity;
- professional independence;
- observance of professional secrecy;
- observance and application exactly of the professional norms in force;
- ensuring professional competence and respecting ethical behavior.

Judicial accounting expertise intervenes in the situation of different interpretations of a problem, which requires the opinion of a specialist, has the role of scientific evidence in establishing the facts and material truth in litigation pending before the courts regardless of their type. It also constitutes evidence in court, along with other evidence and contributes to making a decision or formulating sound and legal solutions.

Judicial accounting expertise is distinguished from other types of expertise by its specific object and character, by its importance and necessity, as well as by its users, respectively the investigation bodies and the court bodies.

The role of forensic accounting expertise is to establish the reality regarding the accounting and fiscal documents, according to the existing information in the research file, the data and the circumstances in which the investigated problem was committed, in relation to the objectives set.

### **Financial-accounting information - object of forensic accounting expertise**

Financial-accounting information is part of an organization's information system. The information system is composed of the set of data, information, information flows and circuits, procedures and means of processing the information produced at the level of the organization to achieve its mission and purpose (Nicolescu and Verboncu, 1999). For this information system to produce accounting information, input data and information must be processed in accordance with accounting principles and rules.

The financial-accounting information is the result of carrying out the activities specific to the financial-accounting field of the organization, respectively the final result of the accounting. It can be prepared individually or centrally in accounting documents.

Implementing a high-performance information system is a complex process for any organization, so as to contribute to the achievement of the objectives set (Vasile and Croitoru, 2018).

The financial-accounting information allows the interested parties (management of the entity and third parties) to know the entity, to appreciate the position and the financial performance, the viability on the market, the investment possibilities, etc. The financial-accounting activity provides information to the authorizing officers regarding the execution of the revenue and expenditure budget, the patrimony under administration, as well as for the preparation of the general annual execution account (Vasile and Croitoru, 2019).

The transparency of financial-accounting information leads to correct and effective management of the risks associated with the organization's economic activities, proper functioning of the market, and the prevention of fraud.

In carrying out his activity, the forensic accounting expert uses the accounting information, whatever the objectives to which he must respond. Thus, the accounting information and the legislation in the financial-accounting field represent the main basis of information in forensic accounting expertise.

The necessity of the judicial accounting expertise is manifested in the economic-social activity in all the situations in which it is considered necessary to consult and the conclusions of some specialists, this being used mainly in the judicial activity.

### **The limits of forensic accounting expertise**

The forensic accounting expertise provides the investigating body with a solid, irrefutable proof for the prosecution of the persons who are guilty of violating the law, non-compliance with financial discipline, as well as the damage to the patrimony (Boulescu and Ghiță, 1996).

The mission of judicial accounting expertise has a limited character, being exercised within the limits of the objectives set by the investigative or judicial bodies, entitled to set the objectives of the expertise. This is an individual test administered by the judicial body.

However, the conclusions of the judicial accounting expertise are not directly adopted by the investigating or judicial body that ordered the expertise. They have the obligation to establish the probative force of the accounting expertise in accordance with the established attributions, and by applying the professional reasoning based on law and conscience to admit or reject the conclusions of the accounting expertise, by taking into account the scientific level and quality of the expertise. and the correlation with the other evidence in the case.

Following the development of forensic accounting expertise, the specialist formulates conclusions and expresses a qualified opinion on the issues submitted to the court, referring to their technical, economic, financial, and fiscal aspects. The legal side and the classification of the facts is the prerogative of the judgment and the decision of the investigative body or the judicial body.

The limitation of the realization of the forensic accounting expertise lies in the specific characteristics of this activity, respectively:

- it is a means of proof in court, if the judicial body deems it necessary, to clarify the case before it;
- provides qualified information and opinions of an economic-financial nature in order to establish the truth about economic facts investigated, investigated or judged;
- the existence of the competence to verify data and information, as well as the operations and financial-accounting records necessary to clarify the objectives set by the judicial bodies;
- evidence administered by the investigative and judicial bodies which support or disprove the reality of the problems or conditions for which the investigation was carried out;
- occasional activity, ordered by the investigation or judicial bodies.

Judicial accounting expertise cannot be ruled on issues that are not related to the financial-accounting field, in the legal classification of certain facts, in connection with a possible damage, as well as by certain persons who are responsible for possible committed acts.

The activity of forensic accounting expertise is carried out only on the basis of supporting documents and accounting records, and the specialist reflects the truth about the transactions and operations analyzed, expresses his opinion on the result of the research on the facts of the investigated problem. In this respect, the accounting expertise cannot answer on issues related to illegality, damage, culprits, reality or fictitiousness of transactions, cannot calculate and estimate taxes and fees based on the fictitiousness of transactions established by research bodies.

If the forensic accounting report is not substantiated, it exceeds the set objectives or does not meet the set objectives, may be ignored by those who requested it, and the specialist may even be criminally or civilly liable in these situations. Judicial accounting expertise is carried out at the request of judicial bodies on request or ex officio to clarify the reality and establish the truth of economic operations and is a means of proof, as it provides a qualified, authorized and professional opinion that helps make decisions and judgment (Oncioiu, 2010).

## Methodology of approaching the financial-fiscal expertise

The forensic accounting mission has similarities but also differences in relation to the missions carried out by the financial control, as well as those performed by the financial audit. The common element is that all three approach the same research plan, namely the financial-accounting system. The feature that differentiates the accounting expertise from the other types of control is that, from a commercial point of view, it does not have the character of permanence and continuity.

The methodology of carrying out the missions of judicial accounting expertise presupposes the development of the following stages:

- *the disposition of the forensic accounting expertise and the appointment of the expert accountant*, is done by the criminal investigation bodies or by the court, which have the competence to request the administration of the evidence with the expertise. They set out the objectives of the accounting expertise, namely the questions to be answered by the specialist, which must be clear and concise, but without requiring the legal classification of the issues subject to research;
- *the scheduling of the judicial accounting expertise works*, starts after the specialist has received the act of appointment of the judicial body for carrying out the judicial accounting expertise. The judicial body, by concluding the hearing or by ordinance, establishes the duration of the judicial accounting expertise, as well as the date of submitting the expertise report. The program of forensic accounting work derives from the commitment of clear deadlines for conducting the expertise and the submission of the expert report and is a working document of the specialist, which contains all the activities that he must carry out to perform the expertise, including deadlines. to carry out each activity;
- *the documentation in order to carry out the judicial accounting expertise*, is represented by the analysis, evaluation and research of supporting documents, financial-accounting and is limited to what is necessary to meet the objectives set by the judicial bodies. This consists of studying the appropriate documentation in the case file, analyzing and evaluating documents, data, information, evidence from third or third parties, discussions and interviews with the parties involved, and comparative analysis of other documents related to the objectives set, in the possession of the judiciary or of the parties involved in the case under investigation;
- *the elaboration of the forensic accounting report*, represents the final result of the expertise and includes: a section regarding the identification of the judicial investigation body that requested the expertise, the identification data of the specialist performing the expertise and the appointment act,

the date of filing the expertise and the date of expertise, the cause of the expertise, the parties in the expertise, the existing problem and the probative documentation, other relevant information; a section on the findings made for each individual objective, detailing the operations carried out and the supporting documents; a section on conclusions containing the answers to the questions set out in the expertise and the specialist's opinion on the subject matter of the expertise. If the expert is unable to perform the forensic accounting expertise, due to lack of documents or the appearance of various difficulties, he shall bring this to the attention of the body which ordered the expertise and shall draw up a report on the impossibility of carrying out the expertise.

- *the submission of the report of judicial accounting expertise* is made within the deadlines set by the investigative or judicial body, which has ordered the performance of the accounting expertise.

Given the above, it can be appreciated that forensic accounting is an activity regulated by the regulatory framework in force, performed by an authorized specialist and which aims to reconstruct the reality of an operation or transaction of an economic nature, by researching data, information or financial-accounting documents. Expertise is a means of proof provided by the judiciary, which, in order to clarify and find out the truth about certain facts or circumstances, requires the qualified opinion of an expert accountant (Ionescu, 2011).

In carrying out its work, forensic accounting expertise uses a series of procedures by which it collects and processes information on the production and development of economic and social phenomena that are the subject of research. These procedures include:

- *the observation* is applied in the initial phase of the expertise and aims to determine the facts and phenomena that are the subject of the expertise;
- *reasoning*, represents logical judgments obtained by observation, which make it possible to understand the double representation of the patrimony, the influences in the movements of values on the balance sheet, to establish the correlations between the economic operations carried out, etc.;
- *the comparison* involves the comparative analysis of two elements or operations (example: the analysis between the components of the patrimony, the analysis between the income and expenses of the entity) in order to draw a conclusion;
- *the analysis*, which applies in most cases, involves an in-depth study of each element of the selected population, observing its place, role and involvement in the whole of which it is part;

- *synthesis*, has the role of generalizing some conclusions drawn from the analysis process;
- *induction* is a form of reasoning, which has the role of identifying whether a phenomenon that has occurred has been influenced by another phenomenon other than through direct action;
- *deduction*, is also a form of reasoning, which involves deriving or detaching one fact from another, a particular judgment from a general judgment or formulating a conclusion from two or more permits.
- the analytical evaluation of the economic operations, ensures the correct establishment of the object and the method of carrying out the accounting expertise, as well as the establishment of the conclusions within the competence established by the expert accountant according to the regulations in force.

The conduct of a forensic accounting mission is influenced by economic, social and political factors. Economic factors may include amending or enforcing new laws, unwillingness to develop clear and precise regulations, granting tax relief, exemptions, reductions or deductions from taxes and duties, overestimation of overheads, overestimation of depreciation, choice of alternatives in the form of making a profit, false statements, fictitious payment documents, unrealistic accounting records, non-declaration of the entire taxable matter, undocumented sales, unrealistic preparation of the balance sheet. A social factor can be the state budget, which is the instrument for achieving socio-economic objectives through subsidies and fiscal facilities. Political factors can be social inequity and the distrust of taxpayers in the political forces responsible for the government that generated the emergence and size of the phenomenon of tax evasion.

### **The impact of accounting expertise judgment on accounting information**

Judicial accounting expertise is a means of proving, ascertaining, confirming, evaluating, clarifying or proving, on the basis of the research carried out, the truth regarding a certain fact, problem or cause, ordered by the legal body and performed by an authorized specialist. Judicial accounting expertise can be performed in civil or criminal cases.

From the point of view of its object of activity, the forensic accounting expertise has an impact on the accounting information, because depending on the findings and opinions formulated by the specialist, the accounting information may be validated or invalidated in relation to the circumstances in which the civil case arose. criminal. In case of invalidation, the credibility

of the financial-accounting information is affected with negative consequences on the organization.

Taking into account the fact that the forensic accounting expertise is carried out within the objectives established by the order in which it was ordered to be carried out and only for the established period, the objectives must respect certain characteristics, namely:

- be clear and concrete, within the competence and obligations of the specialist;
- to refer to issues related to the financial-accounting field;
- to focus on the economic sphere of the problem in question;
- be related to the content and circumstances of the case under investigation;
- to lead to the clarification and finding of the truth for all unclear aspects of the case file, including the circumstances in which the case occurred;
- not to lead to legal classification of the deed investigated by the specialist.

The legal accounting expertise answers only to the questions formulated by the body that ordered the expertise and to the period of time mentioned in the act of disposing of the expertise. If an extension of the expertise is needed, in order to clarify other issues that arise during the investigation of the case, this can be done only with the consent and approval of the judicial body.

If the objectives set for the expertise are not sufficiently specified, the designated specialist may request the body which ordered the expertise to define in writing the issues which must be the subject of the expertise. Also, if during the expertise there are situations that require the extension of the objectives set for the expertise or the performance of other types of expertise, the specialist performing the expertise mission notifies the body that ordered the expertise and proceeds accordingly according to its decision.

The examination of documents at the premises of the parties or third parties may be carried out only with the consent and under the conditions established by the body which ordered the expertise. This rule also applies if the specialist wishes to obtain explanations or interviews with the parties involved.

## **Conclusions**

Judicial accounting expertise is a means of proving, ascertaining, confirming, evaluating, clarifying or proving, on the basis of specialized scientific research, the truth about a particular fact, circumstance, problem, situation, cause or dispute (Constantin and Pantazi).

The chartered accountant shall answer only the questions indicated and only for the period of time mentioned in the act by which the expertise was ordered. It may not exceed its sphere of competence.

Judicial accounting expertise has a significant impact on financial-accounting information, because depending on the findings of the specialist it can be confirmed or refuted, depending on the circumstances in which the problem under investigation occurred. In case of refutation, the credibility of the financial-accounting information is affected, which also has an effect on the trust on it.

Financial-accounting information is the most valuable resource of the organization's information system. In order to be useful, the accounting information must be real, accurate and complete and meet certain qualitative characteristics that lead to an increase in its quality, namely relevance, accurate representation, reliability, intelligibility, comparability, verifiability and timeliness. Accounting information is the main support for forensic accounting expertise's preparation, organization, and conduct. Forensic accounting expertise investigates and clarifies how they are reflected in documents, technical-operational and accounting records, certain operations and transactions of an economic-financial nature.

The body that ordered the forensic accounting examination does not establish the methods to be applied in carrying out the expertise, but the specialist for collecting evidence and drawing conclusions must opt for the application of optimal methods for conducting the expertise and fulfilling its objectives.

The research on financial-accounting information in the development of forensic accounting expertise can generate a series of theoretical and practical conclusions, depending on the control method applied, related to the financial-accounting legislation applicable to the operations and transactions investigated, as well as to the mechanism of the problem. in research.

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