

# INTERNAL AUDITING & RISK MANAGEMENT



YEAR XVI, No. 4 (64), December 2021



**ATHENÆUM  
UNIVERSITY**



# **INTERNAL AUDITING & RISK MANAGEMENT**

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**Quarterly journal published by the „Athenaeum” University & Centre of  
Excellence in Financial Management and Internal Audit**

**YEAR XVI, No. 4 (64), DECEMBER 2021**

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## **THE IMPACT OF COVID-19 PANDEMIC ON THE WOMEN MIGRANT WORKERS**

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**Abstract:** *In the last decades, worldwide, international migration has increased significantly, the stock of migrants reaching over 281 million people in 2020 compared to 173.59 million people in 200. Of the total migrants, 48% are women, and of these, almost 2/3 work in the service industry. During the Covid-19 pandemic, mobility and travel restrictions jeopardized the income of migrant women, especially domestic workers. The paper presents a brief analysis of the effects of the Covid-19 pandemic on migrant women employed in health and social care institutions, those working in households, but also on those with precarious and informal jobs, or with irregular migration status.*

**Keywords:** *migration, migrant workers, Covid-19 pandemic, gender differences*

**JEL Classification:** *F22, F24, O15, R23*

### **Introduction**

Population migration can be considered one of the most marked social phenomena, so that migration can influence all aspects of social life, both directly and indirectly, from the country of origin and the country of destination, while performing several functions.

The majority of people moving from one area to another are still domestic migrants, with international migrants reaching 279 million in 2019 and almost 281 million in 2020 (State of Migration in the World 2020, IOM).

The share of international migrants in the world population has varied, on average, in the last 50 years from 2.3% in 1970 and 3.6% in 2020.

In both 2019 and 2020, the majority of international migrants (approximately 74%) were of working age (20 to 64 years old), with women representing 52% of the total migrant population.

The year 2020 and 2021 meant an unprecedented change in human mobility. The Covid-19 pandemic has drastically reduced the international mobility of people with the closure of borders and the imposition of travel restrictions on an unprecedented scale. In general, border closures and travel restrictions have significantly reduced the regular movement of people across borders, except for essential medical staff in countries such as Peru, seasonal workers in Canada and Germany, and large-scale repatriation of citizens.

The World Organization for Migration has estimated that more than 160 million migrant workers will be subject to mobility restrictions in the first half of 2020. Migrant workers have been exposed to increased health risks as they regularly work in front-line industries and they live in precarious accommodation conditions.

The impact of the pandemic on migrant workers also has a gender dimension. According to international statistics, since the early 1980s, an increasing number of women (either single or married and often better educated than men) have moved to work in countries other than their home countries. Thus, the number of female migrants increased faster than the number of male migrants between 1970 and 2020, in the most important beneficiary countries, industrialized, reaching over 48% of the total migrant population in 2021.

During the pandemic, hostile social norms, the poor prospects of entering the labor market for women, lead to a precarious situation that threatens to stagnate their participation in the labor force. As a result, migrant women are less protected from job loss and the economic downturn (UN Women, 2020). Also, while migrant women have the lowest wages, they remit a higher percentage of their income than men. Many of these inequalities have been revealed and are likely to be exacerbated by the COVID-19 pandemic. The pandemic has disrupted mobility, blocked migrants, destroyed jobs and incomes, reduced remittances and pushed millions of migrants and vulnerable populations into poverty. However, migration, although declining, continued.

## **1. Recent developments in women's migration for work**

Women, like men, migrate in the hope of better living conditions, to support their children, to escape the precarious economic, social and political situation in their country of origin. Female migration is motivated by both economic and non-economic factors, including community surveillance and patriarchal

traditions that limit their opportunities and freedom, exit from unwanted and / or abusive marriage, release from domestic violence and desire equal opportunities.

Women's labor migration tends to be highly concentrated in occupations that are traditionally associated with gender-specific roles. One such example is housework and care, including nursing, caring for the elderly and children, cleaning and other related household activities, which is usually undervalued and undercompensated.

The United Nations Department of Economic and Social Affairs (UNDESA) estimated for 2019 that the stock of international migrants worldwide was 272 million, of which 245 million were of working age (aged 15 and over). The number of international migrant workers amounted to 169 million, an increase of 5 million migrant workers (3.0%) compared to the 2017 estimate and 19 million (12.7%) compared to the 2013 estimate of migrant workers, women represent 41.5% and men 58.5%.

The vast majority of international migrant workers are adults aged 25-64 (Figure 1), with an estimated 146.2 million in 2019 (of whom 41.52% were women) and young migrant workers (aged 15 to 24) to 16.8 million.

The analysis of the distribution of male and female migrant workers by categories of economic activity highlights substantial differences between male and female migrant workers: a higher concentration of women in the service sector than that of men (in 2019, 79.9% of migrant women workers were in services, 14.2% were in industry and 5.9% in agriculture).

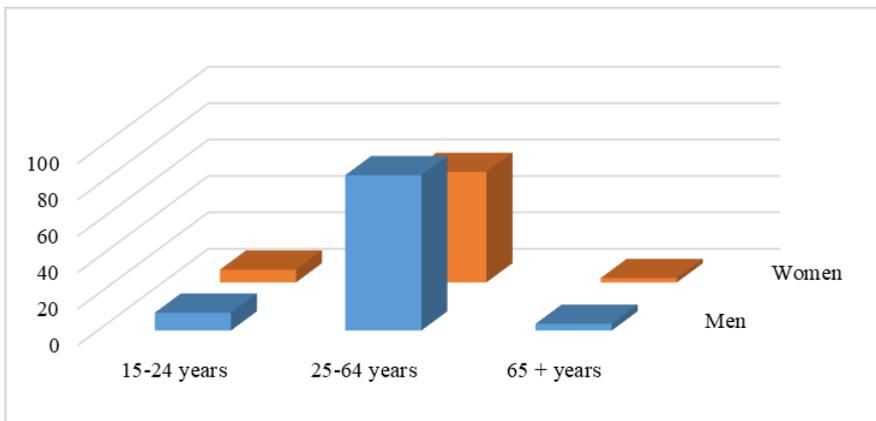


Figure 1. Global estimates of international migrant workers by age, 2019 (millions)

*Data source: compiled by the author based on statistics from the UN Department of Economic and Social Affairs*

It should also be noted that the global share of women among migrant workers varies significantly from one region of the world to another, with large parts of the world having different shares of the global stock of immigrant and migrant women. Thus, in regions such as Northern, Southern and Western Europe, the share of women among migrant workers is over 29.4%, compared to less than 6% in the Arab States.

Given that migrant workers' wages are usually lower, however, they send home more of their earnings more frequently than migrant workers. Remittances from migrant workers are more likely to be spent on health, education, family and community development. In general, migrant women often send remittances to the person (often a woman) who cares for her children left in the country of origin, to ensure that the money is spent for the benefit of the children and the household. Migrant women workers also tend to take greater responsibility for remittances from extended family members.

## **2. The impact of the Covid-19 pandemic on the migration of women for work**

Early estimates by various international bodies (UN, IMF) on the effects of measures to block all or part of the labor market indicate that almost 2.7 billion workers (representing around 81% of the world's workforce) have been affected. of these and the significant contraction of global production in 2020 leading to a global recession, which will be strikingly different from past recessions.

Migrants (both legal and illegal, regular or irregular) represent in many countries a significant share of the workforce in essential services (provision of health and social care, transport) and supply chains. Migrant women work in all these sectors, but are better represented among medical and social service providers.

In many countries, migrant workers make up the majority of health care workers who care for patients, and many others work as cleaning agents in hospitals and social care facilities. In the field of health and social care, worldwide, women represent 70% of employees, who during the health crisis worked in the front line: in hospitals, in care units and in private homes, caring for patients affected by Covid-19.

There are an estimated 11.5 million migrant domestic workers in the world (of the 67 million domestic workers, 80% of whom are women). A large proportion of childcare and elderly care services are provided by migrant women, who are usually poorly paid and mostly part-time. These activities have become the epicenter of Covid-19, because working conditions, and not

infrequently the lack of personal protective equipment, have exacerbated the spread of the virus.

Unlike the previous global economic and financial crisis, in which unemployed migrant workers were often able to change sectors of activity, in this health and economic crisis, sector change may not be as feasible due to the skills and experience required for the sectors. (World Bank, 2020).

Many migrant women also work informally (without employment contracts and work permits) and therefore, for them, during the pandemic, going to work meant the risk of fines, detention for illegal immigration and / or deportation if request documents while traveling to work.

As a result of the pandemic, migrant women employed in health care and social work activities have faced, in addition to the extension of working hours and increased responsibilities at home: the widespread closure of schools and the lack of available childcare services have created additional responsibilities for them. caring for children and the elderly at home.

The average value of remittances from migrant women workers is the same or even higher than that of migrant men, pointing out that they are more likely to send home a larger share of their salaries on a regular basis (their remittances are more likely to be spent on health, education, family and community development). However, the Covid-19 pandemic also had a significant impact on the ability of migrant women to send remittances to their country of origin. World Bank (April 2020) analyzes of the effects of the global health crisis on remittances indicate a decline of almost 20%, from \$ 548 billion in 2019 to \$ 445 billion in 2020. Despite the global pandemic. Covid-19, however, remittance flows remained strong in 2020, falling less than previously forecast. However, in the wake of the economic downturn caused by the pandemic, migrant women have sent fewer remittances, further exacerbating the vulnerabilities of households' dependent on this income.

During the pandemic, some states adopted a series of measures of assistance and social protection for migrant workers in their country. Thus, Canada has granted wage protections, eligibility for employment insurance to temporary workers in the country's agricultural sectors who have lost their jobs due to the pandemic.

In order to allow migrant workers to access basic social protection programs, Portugal has granted them temporary residence rights and France has temporarily extended their residence permits. Spain has extended unemployment insurance to domestic workers. Employers in Qatar paid full-time migrant workers in quarantine or those receiving medical treatment for Covid-19. The health and economic crisis have once again highlighted the important political gaps in the provision of medical services, the harmful

consequences of excluding migrants from accessing health and social care, and the repatriation of migrants. Due to border closures, many migrant workers have been stranded without jobs and little money. Difficulties in organizing repatriations, and especially disagreements over which is the responsibility, have highlighted the need for bilateral labor agreements between labor-supplying and receiving countries to have clear clauses on the repatriation of workers. in crisis situations to ensure that migrant workers are not put in difficult health and life situations.

## **Conclusions**

A brief analysis of the impact of the Covid-19 pandemic on women migrating to work has led to a number of conclusions, namely:

- the number of migrant women has increased in recent decades, reaching almost half of the 169 million people working outside their countries of birth in 2019, which has led to the feminization of migration;
- migrant workers face vulnerabilities and gender risks that affect their ability to work and live in their destination countries, but also their integration upon return to their country of origin;
- There are many migrant women workers with a high level of training and qualifications, but the vast majority are over-represented in low-skilled jobs, such as in the manufacturing industry, agriculture, services (care for the elderly or children, cleaning and other related activities in households and in public and private institutions), small-scale entrepreneurship and not infrequently without access to health and social protection services;
- the work of migrant workers is paid less, is generally poorly qualified / unskilled and largely informal and unprotected;
- Covid-19 has increased labor market uncertainty for both migrant and native women.

The lack of assistance and protection mechanisms for migrant women workers, their social isolation due to linguistic and cultural differences and the limited availability of correct information have increased their vulnerabilities during the pandemic.

In this context, it is necessary to adopt and implement policies to support migrant workers, to facilitate their access to essential services such as health, police, justice and social services.

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## **EU SOCIAL PROGRESS INDEX - SHORT AUDIT OF QUALITY OF LIFE AND SOCIAL WELFARE IN ROMANIA**

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**Abstract:** *The EU Social Progress Index is a measure of societal development and quality of life at the regional level. Practically it measures social progress in European regions, at the NUTS2 level, excluding economic aspects, but equally using twelve components described by a total number of fifty-five comparable social and environmental indicators. Even though the global index has increased by 4.63 points since 2011, reaching 65.05 in 2021, the advances are not distributed across all components analyzed. According to data there are a lot of disparities that vary greatly not only across regions but across different aspects of social progress. While the Nordic countries performed quite well, the Southeastern countries lagged behind. Even if in 2020, Romania's GDP per capita increased to 72% of the European Union (EU) average Romania ranks last among the Member States of the European Union concerning quality of life and social welfare (ranks 44th out of 168 countries). Behind the one's countries like Hungary and Bulgaria.*

**Keyword:** *Advanced Education, Basic Knowledge, Environmental Quality, EU Social Progress Index, GDP per capita, Health and Wellness, ICT Access, Nutrition and Care, Personal Freedom and Choice, Personal Rights, Personal Security, Shelter, Tolerance Inclusion, Water and Sanitation*

**JEL Classification:** *A14, Z13*

## 1. General context

The EU Social Progress Index (EU-SPI) was first published in 2016 by the European Commission and builds on the next definition: “*Social progress is the capacity of a society to meet the basic human needs of its citizen, establish the building blocks that allow peoples and communities to enhance and sustain the quality of their live , and create the conditions for all individuals to reach their full potential*” (Annoni and Borsi, 2020, p.3). Practically, the definition regards to three important dimensions of social progress:

- Basic human needs,
- Foundations of well-being,
- Opportunity.

Each dimension has four underlying components as follow:

### Basic human needs:

- a) Nutrition and basic medical care (NBMC),
- b) Water and sanitation (WS),
- c) Shelter (S),
- d) Personal security (PS)

### Foundations of well-being:

- a) Access to basic knowledge (ABK),
- b) Access to information and communication technologies (ITC),
- c) Health and wellness (HW),
- d) Environmental quality (EQ)

### Opportunity

- a) Personal rights (PR),
- b) Personal freedom and choice (PFC),
- c) Tolerance and inclusion (TI),
- d) Access to advanced education (AAE).

The EU-SPI 2020 includes 55 social and environmental indicators, „most of which come from surveys, describing people’s perceptions and needs” (Paola Annoni and Paolo Borsi, p.5):

### Basic human needs:

Nutrition and basic Medical Care:

- Mortality rate before 65,
- Infant mortality,

- Unmet medical needs,
- Insufficient food.

Water and sanitation:

- Satisfaction with water quality,
- Lack of toilet in dwelling,
- Uncollected sewage,
- Sewage treatment.

Sheller:

- Burden cost of housng,
- Housing quality due to dampness,
- Overcrowding,
- Adequate heating.

Personal security:

- Crime,
- Safety at night,
- Money stolen,
- Assaulted Mugged

**Foundations of well-being:**

Access to basic knowledge:

- Upper secondary enrolment age 14-18,
- Lower secondary colpetion rate,
- Early school leavers.

Access to information and communication technologies (ICT):

- Internet at home,
- Broadband at home,
- Online interaction with public authorities,
- Internet acces.

Health and wellness:

- Life expectancy,
- Self-perceived health status,
- Cancer death rate,
- Heart disease death rate,
- Leisure activities,
- Traffic deaths.

Environmental quality:

- Air pollution NO<sub>2</sub>,
- Air pollution ozone,
- Air pollution pm<sub>10</sub>,
- Air pollution 2,5.

## **Opportunity**

### Personal rights:

- Trust in the national government,
- Trust in the legal system,
- Trust in the police,
- Active citizenship,
- Female participation in regional assemblies,

### Quality of public services:

- Freedom over life choices,
- Job opportunities,
- Involuntary part-time / temporary employment,
- Young people not in education, employment or training,
- Corruption in public services.

### Tolerance and inclusion:

- Impartiality of public services,
- Tolerance towards immigrants,
- Tolerance towards minorities,
- Tolerance towards homosexuals,
- Making friends,
- Volunteering,
- Gender employment gap.

### Access to advanced education:

- Tertiary education attainment,
- Tertiary enrolment,
- Lifelong learning,
- Female lifelong education and learning.

## **2. Social Progress Index - Romania**

Romania ranks last among the Member States of the European Union concerning quality of life and social welfare (ranks 44th out of 168 countries). Behind the one's countries like Hungary and Bulgaria.

According to the data, in 2020, the first places are occupied by the Nordic states (Sweden, Finland, Denmark), with a high level of quality of life (among the countries in the Central and Eastern European region, Estonia (21) and the Czech Republic (22) hold the best positions in the world):

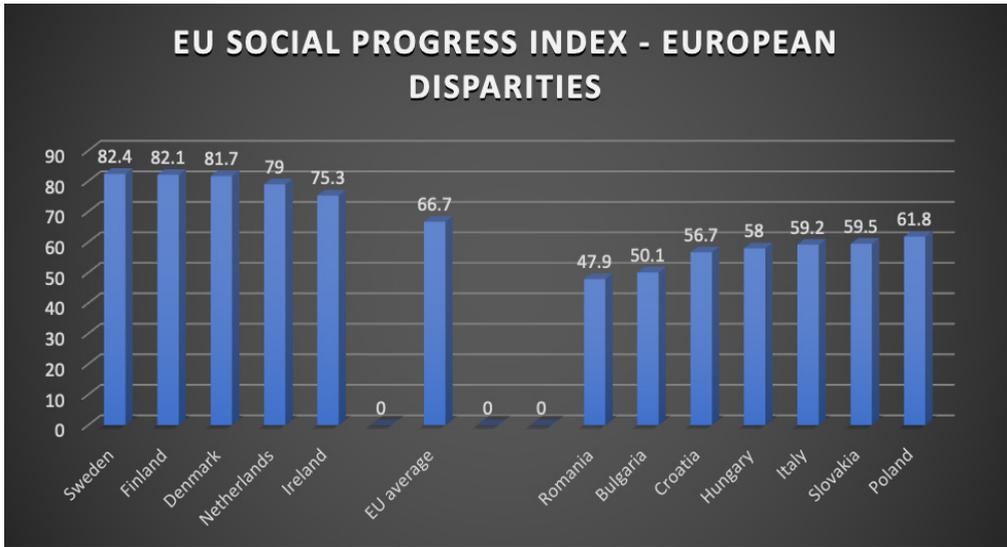


Figure 1. EU Social Progress Index, European Disparities

Source: Author (ec.europa.eu/regional\_policy/en/information/maps/social\_progress2020)

Compared to the European average, Romania is doing quite well in terms of:

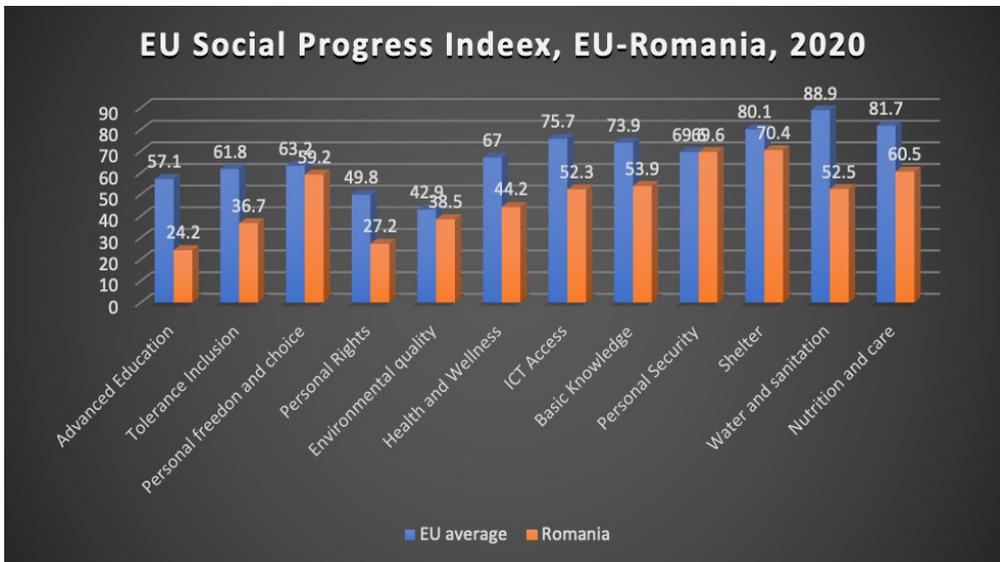


Figure 2. EU Social Progress Index, EU-Romania, 2020

Source: Author (ec.europa.eu/regional\_policy/en/information/maps/social\_progress2020)

- Personal freedom and choice (59,2% vs 63,2%);
- Environmental quality (38,5% vs 42,9%);
- Personal Security.

However, compared to the European average, Romania still records poor results in terms of:

- Advanced education (24,2% vs 57,1%);
- Tolerance inclusion (36,7% vs 61.8%);
- Personal rights (27.2% vs 49,8%);
- ITC Acces (52,3% vs 75,7%);
- Water and sanitation (52,5% vs 88,9%).

### 3. Social Progress Index – regional disparities

On the one hand, if we compare the data obtained for each region in Romania with the EU average data we notice important differences. And for at least three regions the gap in terms of social progress is very large (EU average = 66.7 vs Southeastern Region = 43.6, South Muntenia Region = 43.7, Northeastern Region = 44.8).

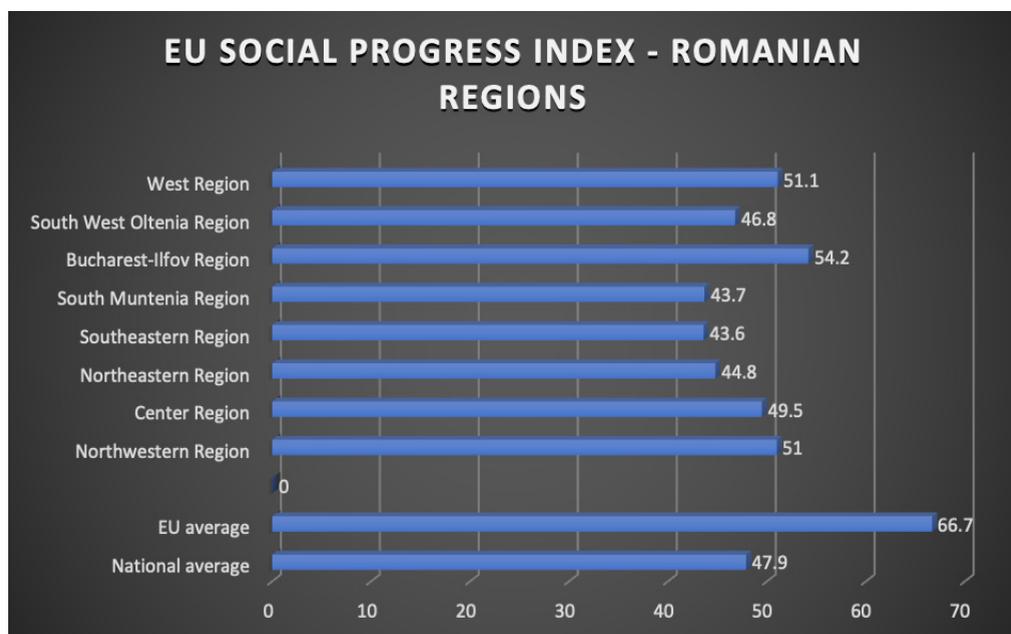


Figure 3. EU Social Progress Index, Romanian Regions, 2020

Source: Author ([ec.europa.eu/regional\\_policy/en/information/maps/social\\_progress2020](https://ec.europa.eu/regional_policy/en/information/maps/social_progress2020))

On the other hand, we notice a lot of disparities within the regions. And the biggest differences are in terms of advanced education and basic knowledge:

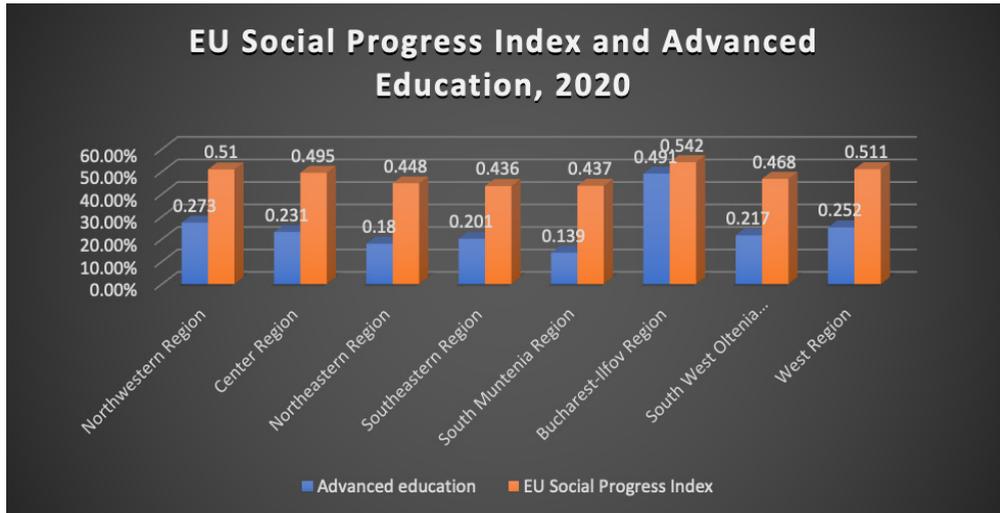


Figure 4. EU Social Progress Index and Advanced Education, Romanian Regions, 2020

Source: Author (See [https://ec.europa.eu/regional\\_policy/en/information/maps/social\\_progress2020](https://ec.europa.eu/regional_policy/en/information/maps/social_progress2020))

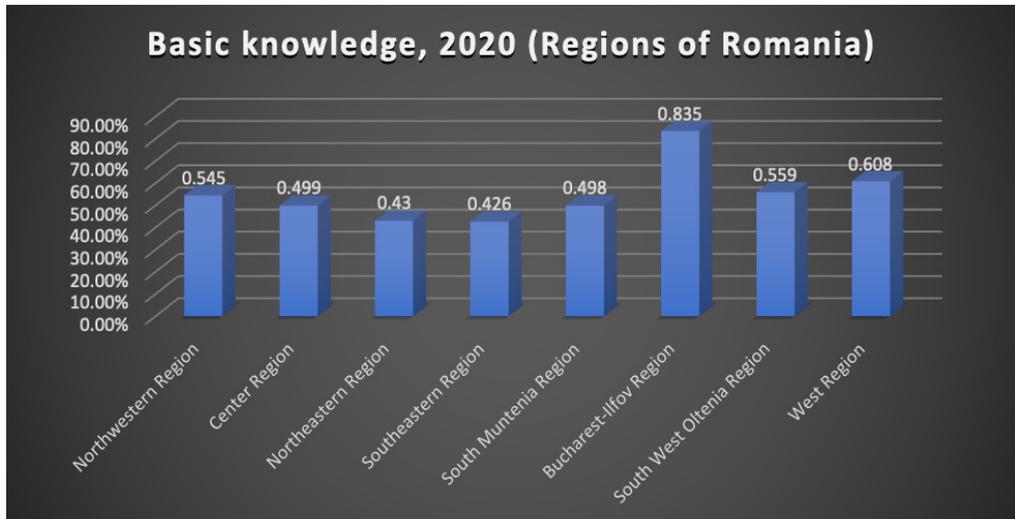


Figure 5. EU Social Progress Index and Advanced Education, Romanian Regions, 2020

Source: Author (See [https://ec.europa.eu/regional\\_policy/en/information/maps/social\\_progress2020](https://ec.europa.eu/regional_policy/en/information/maps/social_progress2020))

Otherwise the Table 1 is edifying in this respect:

Table 1. Social Progress Index / Social and environmental indicators  
– Romanian Regions

	<i>NBMC</i>	<i>WS</i>	<i>S</i>	<i>PS</i>	<i>ABK</i>	<i>ITC</i>	<i>HW</i>	<i>EQ</i>	<i>PR</i>	<i>PFC</i>	<i>TI</i>	<i>AAE</i>
<b>Northwestern Region</b>	63.2	60.1	73.6	71.3	53.5	58	44.1	42.9	28.3	64.9	39.4	27.3
<b>Center Region</b>	66.4	62.7	67.7	72.4	49.9	54.6	47.7	41.3	28.5	57	37.4	23.1
<b>Northeastern Region</b>	57.5	47.3	68.5	68.7	43	43.3	41.7	44.8	27	59.2	34	18
<b>Southeastern Region</b>	50.6	53.3	68.1	65.8	42.6	47.4	39.7	41.4	24.6	53	30.7	20.1
<b>South Muntenia Region</b>	57.2	32.9	70.8	71.9	49.8	47.3	42.1	36.5	29.9	56.9	34.8	13.9
<b>Bucharest -Ilfov Region</b>	66.7	62	72.1	66	83.5	64.5	51.5	23.8	23.8	63.4	43.6	49.1
<b>South West Oltenia Region</b>	60.2	44.8	71.1	68.4	55.9	52.6	43.8	35.4	27.3	59.1	36.6	21.7
<b>West Region</b>	66	65.2	71.7	72.4	60.8	56.6	44.4	40.1	27.4	60.2	39.3	25.2

Source: Author ([ec.europa.eu/regional\\_policy/en/information/maps/social\\_progress2020](https://ec.europa.eu/regional_policy/en/information/maps/social_progress2020))

#### 4. Conclusions

- Nordic countries remain the perform quite well concerning Social Progress Index;
- Generally, EU Member States are at the top in the ranking, with a high quality of life;
- Unfortunately, there are some exceptions. From this top are missing Croatia, Hungary, Bulgaria and Romania with a low quality of life;
- Compared to the EU average, Romania obtained better scores in terms of:
  - Personal security,
  - Shelter,
  - Personal freedom and choice.

- Compared to the EU average, Romania obtained the lowest scores in terms of:
  - Advanced education,
  - Personal rights,
  - Tolerance inclusion.
  
- We could notice a lot of disparities within the Romanians regions in terms of:
  - Advanced education,
  - Basic knowledge.

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## **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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## **FINANCIAL REPORTING IN THE CONTEXT OF THE APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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**Abstract:** *With the help of IFRSs, any entity can present and prepare its financial statements on the same basis as any other entity in any state that applies IFRSs. Comparing financial data is much easier than applying different accounting standards. Extending the scope of IFRS seeks to standardize quality financial reporting around the World. Furthermore, the IASB argues that the development of International Financial Reporting Standards aims to ensure a unique set of high-quality accounting standards that help eliminate barriers that may arise for corporations wishing to access foreign capital markets and of investors looking for investment opportunities internationally.*

**Keywords:** *accounting, financial reporting, accounting standards, performance, standardization*

In the interest of the International Accounting Standards Board (IASB), there is currently a comprehensive set of globally applicable accounting standards designed to meet the public interest that provides users of financial, accounting or tax information with a view to generally through which the reporting economic entities provide information of high quality, transparent and comparable over time or in relation to the financial statements of other entities in similar fields.

Thus, the IASB has developed and promoted IFRSs in order to harmonize and converge national financial reporting legislation, which is

applicable when preparing and presenting financial statements for general purposes by reporting economic entities, especially as they are profit-oriented.

The IASB interest was generated by the fact that the financial statements prepared by the reporting economic entities in several countries of the World are similar in terms of form but have major differences in terms of content. The differences in the content of the financial statements were motivated by the existence of many economic, social and legal factors, but also different approaches to the categories of users of financial information - accounting and their interests.

Thus, the IASB sought to ensure that the financial statements prepared under IFRSs meet the common requirements and needs of users of financial and accounting information and enable them to make efficient and timely economic decisions leading to the economic development of the reporting entity and thus to the economic growth of the state.

IFRS provides the general conceptual framework for preparing and presenting financial statements governing unitary application at the global level. However, IFRSs allow for a series of events and transactions the use of differentiated accounting treatments thus fulfilling the IASB objective of “requiring similar transactions and events to be accounted for and reported in a similar manner and different transactions and events to be accounted for and reported differently both within an entity over time and between entities” (IFRS, 2015, A15).

Currently, the general reporting framework applicable at national level is Order 1,802 of December 29, 2014, for the approval of the Accounting Regulations on individual annual financial statements and consolidated annual financial statements, published in the Official Gazette no. 963 of December 30, 2014 with subsequent amendments, as a result of harmonization and convergence of national legislation in the specific field with European legislation and IFRS, and “the need for harmonization, convergence and uniformity in accounting, imposed its normalization. In this way, the objectives, concepts, methods, rules and procedures regarding the production and use of accounting information were formalized and materialized” (Munteanu, et al., 2015, 18).

The general conceptual framework for financial reporting defines the fundamental concepts applicable when preparing and presenting the financial statements of reporting economic entities. The role of the general conceptual framework lies in the following attributes:

- supports the IASB in reviewing or developing new IFRSs;
- helps the IASB to continuously promote the harmonization and convergence of accounting regulations, rules, procedures and standards

regarding the preparation and presentation of financial statements, thus achieving a reduction in accounting opportunities limited mainly to those permitted by IFRS- hate;

- provides assistance to public authorities involved in the procedure for developing national standards;
- provides assistance to practitioners involved in preparing and presenting IFRS financial statements, and provides alternatives and advice for cases not covered by IFRS;
- supports financial auditors in formulating opinions on the assessment of the compliance of financial statements with IFRSs;
- helps users to understand and interpret the information provided by IFRS financial statements.

The general conceptual framework of financial reporting is focused on the following aspects:

“(A) the purpose of financial reporting;

(b) the qualitative characteristics of the useful financial information;

(c) the definition, recognition and measurement of the structures on

the basis of which the financial statements are drawn up; and

(d) the concepts of capital and capital maintenance” (IFRS, 2015, A23).

The central pillar of the overall conceptual framework of financial reporting is its objective, which measures the importance, role, purpose, usefulness and benefits of financial reporting in accordance with the provisions of IFRS. The objective of financial reporting in the context of IFRSs by reporting economic entities is to make available to users in various categories such as investors, borrowers, creditors, a set of useful financial information characterized by relevance, utility, opportunity, on on the basis of which those users may take decisions of major importance concerning the “purchase, sale or holding of equity and debt instruments and the provision or settlement of loans” (IFRS, 2015, A25).

As a rule, users of financial information expect that the decisions taken will have positive effects on the areas in which they operate and will lead to significant economic growth on the reporting economic entity they lead. However, users must not neglect the external factors that are often generated by the political, social and even economic environment at national, European or global level.

Through financial reporting, external users of financial information have the opportunity to estimate the value of the reporting economic entity, but can obtain valuable information on both the economic resources available to the reporting economic entity and the financial obligations it has.

Based on information on the economic resources and obligations of the reporting economic entity, internal users can conduct a comprehensive analysis to establish the strengths of the reporting economic entity while identifying its vulnerabilities by calculating a set of relevant indicators focused on liquidity, solvency and prospects. get future cash flows. In the same context, users of financial information can evaluate the financial performance of the reporting economic entity from the perspective of the profitability of the economic resources involved within an economic cycle.

Financial performance can take several forms, among which we mention: it can be approached through events and transactions highlighted in accrual accounting; or by reflection in previous cash flows.

The usefulness of the financial information provided to users through financial reports is in a relationship of direct dependence with their quality. Moreover, the financial statements often contain information regarding the management strategies of the entity, but also the perspectives of the reporting economic entity.

Financial-accounting information must be of good quality, whether provided to users through financial reports or other sources, but there are limitations for reporting economic entities from the perspective of providing useful financial-accounting information, as their quality is often connected. directly to the cost of obtaining them, more precisely, its cost must not exceed the benefit that a financial-accounting information can generate. The ability to use financial information is given by its relevance, but it can be amplified if that information is comparable, timely and intelligible.

From the above, it can be seen that most categories of users of accounting information are interested in knowing information about:

- the volume and structure of the company's assets;
- liquidity of these assets
- financial structure
- the risks that the company assumes.

All this information is provided by the financial reports that define the financial position of the company at a certain time (half-yearly or annually) and by the accounting policies established by the managers of the entities.

Certainly, most users of accounting information are interested in knowing whether the entity ensures the continuity of its activity or is in a position to close the business.

We consider that we can appreciate the continuity of an entity's activity when it is in a financial equilibrium, a balance generated by the fact that for the financing of long-term assets it is necessary to use long-term financing sources

(equity), and for financing short-term assets it is necessary to use short-term financing sources.

The quality of financial reporting and the benefits of improving it in order to ensure comparability of information, improve the transparency of financial information, harmonize internal and external reporting, create a common accounting language, or reduce information asymmetry are often discussed, but the implications are much deeper and broader. Financial reporting can be associated with the communication term. Financial reporting is a practical communication exercise, not just a theoretical or academic term. Thus, quality financial reporting, ensured by the application of IFRS standards, benefits the entire economy by increasing international business, encouraging foreign investors to make investments, increasing foreign capital flows and developing capital markets.

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