



POSSIBILITIES TO EVALUATE THE PERFORMANCE OF REGULARITY/COMPLIANCE AUDIT USING THE BALANCED SCORECARD METHOD (BSC)

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The regularity/compliance audit is a specific type of internal audit meant to examine the processes, activities and actions carried out in public or private entities, on the basis of a frame of reference designed in such a way as to allow at the level of these structures an assurance on the effectiveness of risk management, control and governance processes. This activity needs to be continuously refined and modernized in order to be closely connected to the requirements and needs in continuous dynamics of those audited, and the Balanced Scorecard model (BSC) offers such a possibility. In the final part we identified, according to the requirements of this model, a set of questionnaires for auditors and audited, performance indicators, elements of innovation, connection and strategies, which applied or investigated in military entities, will allow highlighting the possibilities to increase the performance of internal audit through regularity / compliance missions.

Keywords: regularity/compliance audit; mission preparation; on-site intervention; reporting the results of the mission; Balanced Scorecard Model (BSC).

Defining characteristics of the regularity/compliance audit as a specific type of internal audit

The regularity or compliance audit corresponds to the first stage of development in the evolution of the internal audit function. It is the fundamental anchoring point of subsequent and successive stratifications¹. In essence, the regularity/compliance audit consists of verifying how certain procedures, rules or regulations defined by a competent authority are followed². That said, it will have to check the established rules with the actual reality. However, for the internal auditor's approach to the regularity audit to be successful, it is necessary to determine a well-established reference system, to which the internal auditor will refer in the course of the audit mission. In this way, the internal auditor will be informed about the system of rules, procedures and methods that should be observed, will find out what the actual reality is in the field, and will report inconsistencies, imbalances, rules that have not been observed, misinterpretations of procedures, making an analysis of the causes, consequences and issuing recommendations for these rules to be followed.

If we consider the main objective of the regularity or compliance audit, some authors³ claim that a distinction could be made between the "regularity" audit and the "compliance" audit, arguing that in the case of the regularity audit the main objective is to follow the regularity in relation to the internal rules and procedures of the organization, while in the case of the "compliance" audit the compliance with the legal provisions is pursued (such as tax regulations or other legal regulations).

But in both cases the aim is to compare the existing reality on the ground with a well-established reference system. If we consider the establishment of a reference system composed of rules, internal procedures, organizational charts, information systems, but also of general legal provisions and regulations as well as specific to the field of activity in which the organization operates, pursuing regularity and compliance with this system, we can admit the connection between the two types of audit ("regularity" and "compliance") and talk about a single type of audit, namely *regularity or compliance audit*.

The regularity/compliance audit represents the examination of the processes, activities and actions carried out within the public entity, based on a frame of reference (regulations, rules, procedures, instructions, etc.), and so designed as to allow assurance on the effectiveness of risk management,

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control and governance processes⁴.

The planning and implementation of public regularity/compliance internal audit missions aims at *"examining actions on financial effects on public funds or public assets, in terms of compliance with all principles, procedural and methodological rules applied to them"*⁵, respectively the internal auditor verifies if the rules and procedures are well applied (regularity) and if the relevant regulations are followed (compliance).

This type of audit aims at examining the proper application of rules, regulations and procedures, reporting imbalances, malfunctions or irregularities, analysing the causes and consequences and formulating recommendations for improving the audited activities.

The planning of the public internal audit missions of regularity/compliance is performed by the head of the public internal audit department and is approved by the management of the entity. The regular internal regularity/compliance audit missions are included in the Multiannual Plan and the Annual Internal Audit Plan, depending on the result of the risk assessment and the other elements specified in point 2.4.1.3 of the *General Norms regarding the exercise of the public internal audit activity, approved by the Government Decision no. 1086/2013*⁶.

According to point 2.4.1.3 of GD no. 1086/2013 stipulates that the selection of public internal audit missions in order to be included in the plans is made according to the following elements: a) risk assessment associated with different structures, processes, activities, programs/projects or operations; b) the signal criteria and the suggestions of the head of the public entity, the deficiencies previously found in the audit reports; c) the deficiencies found in the minutes concluded following the inspections; d) the deficiencies recorded in the reports of the Court of Accounts; e) the assessments of some specialists, experts, etc. on the structure and dynamics of internal risks; f) evaluating the impact of some changes in the environment in which the audited system evolves; g) other information and indications regarding malfunctions or deviations; h) the missions recommended by UCAAPI / the public internal audit department at the higher hierarchical level, fact for which the heads of public entities

have the task to take all organizational measures so that they are introduced in the annual internal public audit plan of the public entity, to be carried out in good conditions and reported within the set deadline; i) the number of public entities subordinated/coordinated/under the authority of another public entity; j) periodicity in audit, at least once every 3 years; k) periodicity in evaluation, at least once every 5 years; l) types of audit; m) the recommendations of the Court of Accounts; n) available audit resources.

The head of the public internal audit department is responsible for planning and carrying out regularity/compliance public internal audit missions and ensuring the necessary resources for their performance. At the same time, it aims for the activity of internal auditors to be carried out in accordance with the methodological norms specific to the internal public audit department and with the principles of the Code on the ethical conduct of the internal auditor.

The methodology for carrying out the regular public audit missions of regularity/compliance supposes the completion of the following stages: a) *The preparation of the mission*; b) *On-site intervention*; c) *Reporting the results of the mission*; d) *Following the recommendations*.

The preparation of the mission requires the following procedures: 1) *Initiation of the regular public regularity/compliance audit mission (elaboration of the Service Order; elaboration of the Declaration of Independence; elaboration of the Notification regarding the initiation of the public regularity/compliance internal audit mission)*; 2) *Opening meeting*; 3) *Collection and processing of information (establishment/updating of the permanent file; processing and documentation of information)*; 4) *Risk analysis and evaluation of internal control (risk assessment; evaluation of internal control)*; 5) *Elaboration of the Program of the public internal audit mission of regularity/compliance*.

The intervention on the spot requires the development of the following procedures: 1) *Collection and analysis of audit evidence (testing and formulation of findings; analysis of problems and formulation of recommendations; analysis and reporting of irregularities)*.

Reporting the results of the mission

means completing the following procedures: 1) Preparation of the draft Public Internal Audit Report (preparation of the draft Public Internal Audit Report; submission of the draft Public Internal Audit Report; conciliation meeting); 2) Elaboration of the internal public audit report (internal public audit report; dissemination of the internal public audit report).

Following the recommendations requires the preparation of a file for this purpose⁷.

It can be concluded that this type of audit is a substantial one, which takes place after a very well-regulated procedure, but which can be subjected to modernization processes to increase its performance.

Possibilities to use the Balanced Scorecard method in the field of internal audit, including for regularity/compliance missions

Increasing the performance of internal audit and especially of regularity/compliance audit is a growing concern of decision makers and professionals working in this field. This possibility as a research tool is offered by Balance Scorecard (BSC). This is a tool for measuring and evaluating the performance of internal audit, which includes both qualitative and quantitative elements. The importance and frequency of using this tool has become increasingly evident, a fact confirmed by specialists in the international literature⁸.

Considering that it would be relevant to identify which are the most used methods for measuring the performance of internal audit in international practice, very interesting are the conclusions resulting from the study conducted by one of the major audit firms Ernest&Young in 2007 – "Global Internal Audit Survey". Internal auditors from 138 organizations participated in this study, most of them being multinationals from 24 countries. One of the aspects of this study was to identify the techniques used by respondents to measure the performance of internal audit and to improve its quality.

The conclusions obtained from this study revealed that: 1) 80% of respondents seek feedback on the performance achieved during the closing meeting of the mission, while 48% of them also use studies after the end of the mission; 2) 52% of

the respondents are strictly limited to maintaining a compliance with the provisions of the internal audit standards issued by the IIA; 3) 48% of the respondents had until the time of the study external evaluations of the performances achieved following the audit work.

In approaching the methods of measuring the performance of internal audit, we appreciate that the most relevant would be that of their structured research from two major perspectives: quantitative and qualitative.

A. Quantitative methods for measuring the performance of the internal audit: 1) Determining the degree of accomplishment of the internal audit plan; 2) Identifying the time required to issue the final audit report; 3) Monitoring the time period for resolving the audit findings (we consider relevant the creation of a statistical database in which to follow elements such as the number of deficiencies made within the set deadline, the number of deficiencies made late and the number of unresolved deficiencies); 4) Evaluation of staff qualification; 5) Determining the ratio between the time dedicated to the actual internal audit activities and the time dedicated to administrative activities.

B. Qualitative methods for evaluating the performance of internal audit: 1) Carrying out studies (questionnaires or interviews) subsequent to the audit mission in which the interviewees are the managers of the organization; 2) Carrying out further studies (questionnaires or interviews) of the audit mission at which the interviewees should be the ones audited.

The component elements of these questionnaires may differ from one organization to another, being influenced by the vision of each manager, as well as those audited on how the internal audit can provide added value.

C. Methods for measuring and evaluating the performance of internal audit, which combines both quantitative and qualitative elements.

A method of measuring and evaluating the performance of internal audit, which includes both qualitative and quantitative elements is the one that consists in using a "Balanced scorecard" type tool.

In a Balanced Scorecard approach, the performance of the internal audit activity can



be analysed in a balanced way, using a multiple perspective: A) Financial (Added value): 1) Savings achieved following the proposals in the internal audit reports; 2) Activity costs; B) Regarding the Client (board of directors, audit committee, management, audit client): 1) Questionnaires regarding customer satisfaction; 2) Complaints from customers; 3) Risks that were not taken into account; 4) Perspective on the role of the internal audit function; C) Regarding the Internal Process: 1) Improvements to the internal audit process; 2) Quality evaluations; D) Regarding Innovation, learning and development: 1) Vocational training programs; 2) Education of the members of the internal audit department; 3) Practical experience of internal auditors.

These elements can be integrated into an entity's strategic plan. The elements that are listed

as sub-criteria and that have the quality of being measurable can be transformed into objectives of the internal audit department and of course into sub-objectives of the general strategy of the entity.

Each measured objective can be associated in the application process of the BSC model with measures to achieve each objective, which can be monitored on the principle of feedback (Table no.1).

The terms in the table above have the following meanings:

- *the initiative* represents the action taken to improve current performance;
- *the target* is the level of performance required to successfully achieve the strategic objectives;
- *performance measurement* means how to monitor the achievement of strategic objectives (key performance indicators);

Table no. 1
BSC APPLICATION MODEL FOR THE INTERNAL AUDIT DEPARTMENT

Strategic objective	Performance measurement	Initiative	Target	Responsibility
Financial				
Optimization of the primed value for the investment made in the internal audit activity	Improving the received value indicator	Comparison of the investment with similar benchmarks and quantification of the primed value.		
Internal/external client				
<ul style="list-style-type: none"> • Audit Committee Intensify communication with the audit committee and ensure that the performance of the internal audit is in line with its expectations 	Degree of implementation of the risk-oriented audit plan and status of ongoing recommendations (%)	Development of a reporting system that communicates the analysed risks and the situation of the findings.		
Internal processes				
<ul style="list-style-type: none"> • Implementation of professional norms and standards, as well as the Code of Ethics • Improving the effectiveness of audit procedures for identified significant risks. • Improving the quality of internal audit processes. 	Degree of implementation of best practices (%). Number of optimized audit processes The degree of optimization of process quality perceived by significant users (%), through the questionnaire.	Analyse the current state of implementation, identify standards that are not implemented, and design a plan for resolving the situation. Examine the possibilities of implementing new software or statistical technologies to optimize audit methods. Identify the main criteria of a quality internal audit (International Standards) to achieve objectives, manage risks, collect and report information. Constantly review the quality of the activity. Perform regular evaluations and report results.		
Learning and development				
<ul style="list-style-type: none"> • The compatibility and internal structure of the internal audit function support the entity's mission as well as the needs of the clients. 	Number of auditors included in training programs. Number of auditors who have obtained a professional certification of internal auditor.	Identify the most important compatibilities and determine the current state of staff training, focusing on the development of communication, negotiation or management skills		

Source: Coracioni Alexandru, "Balanced Scorecard" and financial audit, article published in the "Audit Practices" Journal no.3/2013, pp. 21-22.

- *strategic objectives* represent the transposition of the entity's vision and strategy into concrete elements;

- *responsibility*: means the assignment of specific tasks to staff.

The Balanced Scorecard model can be used to evaluate the performance of an external auditor. Because this tool was originally developed for business entities, the model can be successfully used in an audit firm or department to evaluate, monitor, and develop its own managerial performance. Within the management process of an audit firm, the "Balanced scorecard" model can be applied pragmatically, using a tabular structure similar to the one presented in Table no. 2.

The way of implementing a BSC type performance management system should go through several steps, structured as follows:

- defining a strategic vision of the organization (what it wants to become);

- identifying the critical success factors that constitute the strategic support of the company's vision;

- analysis of the strategic objectives that can be quantified and on which action can be taken;

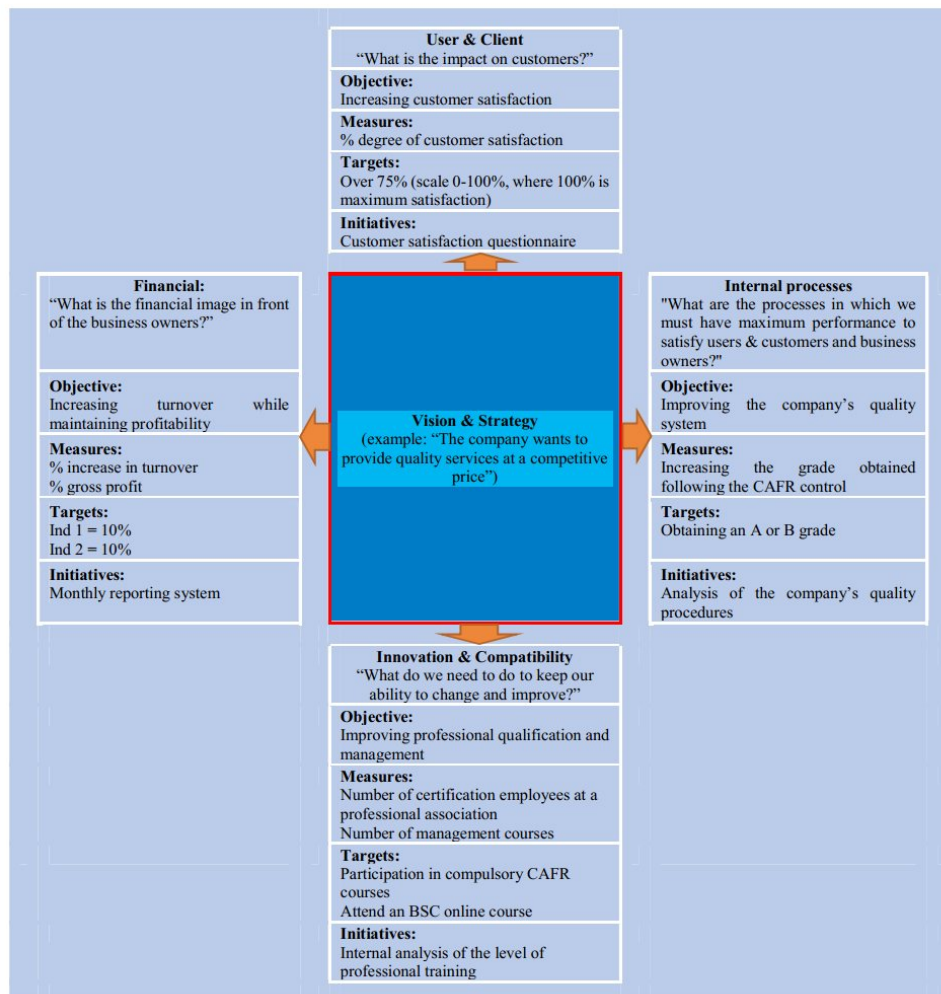
- monitoring the achievement of strategic objectives (key performance indicators);

- defining the level of performance necessary to achieve the strategic objectives;

- implementation of action initiatives that will lead to improved performance. The model presented above is intuitive and can be developed depending on the specifics of the company⁹.

According to a study by Frigo M.L. and Krumwiede K.R.¹⁰ the instrument of "Balanced Scorecard" type is used by at least 40% of the

Table no. 2
BSC APPLICATION MODEL FOR AN AUDIT FIRM



Source: Coracioni Alexandru, "Balanced Scorecard" and financial audit, article published in the "Audit Practices" Journal no. 3/2013, p. 23.



organizations participating in the study conducted by these specialists. Many organizations have used the Balanced Scorecard to measure the organization's performance at all levels and at the level of all departments (including the internal audit department). Moreover, some internal audit departments have shown a pro-active attitude by implementing Balanced Scorecard to measure the performance of internal audit, in the context in which such an instrument had not yet been used at the organizational level.

Frigo M.L.¹¹ highlights the benefits that using the Balanced Scorecard within the audit department would bring to the internal audit director of an organization, helping him to:

- describe and clarify the strategy of the audit department;
- to communicate the strategies and priorities within the audit department;
- to align the performance measures of the audit department with those of the organization at global level;
- to identify the main factors that would determine an increase in the performance of the internal audit;
- to identify the cause-effect relationships between the different factors that influence the audit performance;
- to determine a focus of the activity on the internal audit services that add value, as well as on other strategies and priorities from the level of the entire organization;
- to use the results of measuring the performance of the internal audit as a tool for continuous improvement.

The Balanced Scorecard model presented by Frigo M.L.¹² is approached from the perspective of the following key elements:

- internal audit clients (audit committee, management, audited);
- the internal audit process;
- internal audit skills.

In the construction of this model of Balanced Scorecard for the internal audit department, the author starts from the premise that there are several concepts of this tool, approached in general, which can be applied to the internal audit department:

- measuring performance from the perspective

of customers;

- determining a set of indicators for quantifying performance;
- the connection between the internal audit and the clients' expectations;
- focusing on the strategies of the department and the organization at the central level;
- innovation and internal audit skills.

In the area of internal audit, various researches were carried out and various questionnaires were applied on aspects related to this activity, in order to see the quality and performance of both internal and audited auditors.

Such research was carried out by a specialist in the field¹³, on aspects related to university studies completed by internal auditing, other specializations acquired by them and the types of organizations in which professionals in this field work (both in Romania and in Europe and on the world map), from which we selected the conclusions reached as a result of such research.

Of the various studies conducted, one of the most comprehensive and the results of which were also summarized in a report is the CBOK study (2010), conducted on the basis of responses received from 13,582 people in 107 countries (22 languages), with the mention that the response rates varied from one question to another. In 2015, a larger study was conducted, the final results of which were not published in full (at the time of writing the article). From this study we selected only 3 questions with related answers.

Question Q7 in the questionnaire: *What is the most recent level of education completed (except for professional certifications)?* We extracted from the answers only the part that refers to Romania. From the centralization of the answers it resulted that in Romania the internal auditors had at least higher education, because they are mandatory for the position of internal auditor. Consequently, it was found that in Romania the share of licensed internal auditors in the economy (38.46%) was higher than at the global level (29.40%) and at the European level (16.17%). Also, as a result of a possible prejudice related to the concentration of the internal audit activity on the financial-accounting aspects, compared to the world average (10.71%) and the European average (7.46%), in Romania

they were the fewest internal auditors (5.77%) who graduated higher education in another field than economics.

Question Q8 of the questionnaire: *What were your specializations in undergraduate studies or the most significant fields of study?* Regarding the specializations completed by the internal auditors, the answers given show that worldwide those who had accounting as the main field of training dominated (50.36%); in Romania, the percentage of accounting graduates was 35.58%, and in Europe 30.66%.

In Romania, the situation of the graduated specializations was surprising, in the sense that a high percentage of internal auditors (34.62%) stated that they graduated higher education in the field of Internal Audit, compared to significantly lower percentages worldwide (23.62%) and European (27.79%).

Also, the important share of finance graduates (38.46%) working in the field of internal audit, compared to the global situation (24.93%) and the European level (28.22%). There are also significant differences in the case of technical studies, 13.46% of internal auditors in Romania participating in the study having technical studies, compared to only 5.84% at European level and 4.23% globally.

Question Q24 in the questionnaire: *What is the type of organization you currently work for?* Unlike the situation at global and European level, where most auditors worked for listed companies or private non-listed companies, in Romania, most auditors worked in the public sector, where the rules of organization and activity were more rigid and they had many peculiarities compared to the private environment.

Even if the internal audit function is an integral part of an organization's control framework, it is obvious that it must also have its own control, in order to be able to monitor whether its performance is in line with its role and objectives. The International Standards for the Professional Practice of Internal Audit state: „The Chief Audit Officer shall develop and update a quality assurance and improvement program that covers all aspects of the internal audit activity”¹⁴.

The Chief Audit Officer should develop and update a quality assurance and improvement program that covers all aspects of the internal audit activity.

This program must monitor the internal audit from at least two points of view: 1) to help the internal audit in increasing the added value and improving the operations; 2) to assist the internal audit in ensuring compliance with the internal audit standards.

The internal audit standard on this issue states that “The quality assurance and improvement program must include both internal and external evaluations”¹⁵.

Configuration of a model based on Balanced Scorecard (BSC) for the public audit activity of the Ministry of National Defence, with particularization on regularity/compliance audit missions

In the final part of this article, we propose, on the structure of the components of the Balanced Scorecard (BSC) method, to develop, first, a set of questionnaires on the evaluation of internal audit performance from the perspective of both internal auditors performing such missions and to those audited from entities of the Ministry of National Defence, without claiming that this set is exhaustive, covering the entire activity, being convinced that it can be improved, taking into account the specifics of the structures in this ministry.

Starting from this set of questionnaires, we might configure some performance indicators, quantitative and qualitative, both for internal auditors and for audited entities.

At the same time, we will point out how the connection between the internal audit and the expectations of the entities subject to this type of activity can be achieved.

A very important step in our research that we will carry out in the next period is to reveal the strategies of the internal audit department and the territorial structures in the army.

Last but not least, we will seek to highlight the elements of innovation and internal audit skills in this security and defines structure of the country.

To begin with, we present a questionnaire on the performance of internal audit from the perspective of commanders and other key positions in military entities, but taking into account the criteria followed by them in assessing the added value that internal audit can bring to auditors.



Study model on the evaluation of internal audit performance from the perspective of those audited, due to the internal audit concerns to permanently improve the quality of audit services provided and to help us respond as effectively as possible to your expectations, please complete this questionnaire taking into account of the last internal audit missions in which you participated.

The internal audit department and the territorial structures of the Ministry of National Defence will use the information provided by you to significantly improve the internal audit services offered by this specialized structure.

Audit mission(s) in which you participated as an auditor and year(s) in which they took place:

The position(s) held by you within the audited organization at the time of these audits:

Please tick only one answer, from the options offered to choose from:

General expectations from the internal audit					
1. At what level do you consider that the internal regularity/compliance audit adds value to your activity?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
2. At what level do you consider that the internal regularity/compliance audit has streamlined the activity within the structure in which you operate?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
3. At what level do you consider that the internal regularity/compliance audit helped you in ensuring the premises for the realization of future projects?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
4. What is your overall level of appreciation of the effectiveness of internal regularity/compliance audit of the entire organization you belong to?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
Appreciation of the work of the audit team					
1. What is your level of appreciation of the degree of achievement of the objectives set by the audit team at the beginning of the regularity / compliance audit?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
2. What is your level of appreciation on the effectiveness of communication between the regularity / compliance internal audit team and you as auditors?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
3. What is your level of appreciation of the efficiency and effectiveness of the work of the regularity / compliance audit team, according to the established time period?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
4. What is your level of appreciation of the responsibility and seriousness of the work performed by the regularity / compliance audit team?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
5. Do you consider that the deficiencies found by the internal regularity / compliance audit are properly argued and substantiated?	To a very large extent	To a large extent	To a medium extent	To a small extent	To a very small extent
6. Do you consider that the regularity / compliance audit recommendations are significant and relevant?	To a very large extent	To a large extent	To a medium extent	To a small extent	To a very small extent
7. Do you consider that the regularity / compliance audit report was issued in a timely manner?	To a very large extent	To a large extent	To a medium extent	To a small extent	To a very small extent
8. Do you think that the regularity / compliance audit report is characterized by clarity and logic?	To a very large extent	To a large extent	To a medium extent	To a small extent	To a very small extent
9. How do you assess whether the regularity / compliance audit team performed the evaluation of the internal managerial control at your unit?	At a higher level of objectivity	At the medium level of objectivity	Low level of objectivity	At a very low level of objectivity	I can't appreciate it
10. Did the questionnaires that were addressed to you in the regularity / compliance audit missions for the prior evaluation of the internal managerial control seem relevant to you through the questions that were addressed to you?	At a higher level of relevance	At the medium level of relevance	Low level of relevance	At a very low level of relevance	I can't appreciate it
11. At what level do you consider that the regularity / compliance internal audit team has demonstrated that it has the necessary knowledge in the audited field?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
12. At what level do you consider that the regular / compliance internal auditors have shown professionalism?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
13. At what level do you think the regularity / compliance audit team was proactive (full of initiative)?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
14. At what level do you consider that the regularity / compliance audit team focused on essential aspects of the audited activity?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
15. At what level do you consider that the regularity / compliance audit team favoured a climate of collaboration between the auditors and those audited?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
16. How do you assess the findings of the internal audit team of regularity / compliance on the area of non-conformities detected in the activity of internal managerial control at the entity you belong to?	At a higher level of objectivity	At the medium level of objectivity	Low level of objectivity	At a very low level of objectivity	I can't appreciate it
17. How do you assess the recommendations of the internal audit team of regularity / compliance for the elimination of non-conformities detected in the activity of internal managerial control at the entity you belong to?	At the highest level of adequacy	At the medium level of adequacy	Low level of adequacy	At a very low level of adequacy	I can't appreciate it
18. How do you assess the degree of implementation of the recommendations of the regularity / compliance audit team as conformance and compliance with the deadlines established according to the recommendation sheet, for the entity you are part of?	At the higher level of implementation	At the medium level of implementation	Low level of implementation	At a very low level of implementation	I can't appreciate it

19. Were there certain aspects that you particularly appreciated as a result of the internal audit work?

20. Were there certain aspects that you particularly disapproved of in the internal audit work?

21. Other comments

Thank you in advance for your time and sincerity of answers



Study model on evaluating the performance of internal audit from the perspective of internal auditors, due to the concerns of the Profile Department of the Ministry of National Defence and professionals within this structure, to permanently improve the quality of services provided, please auditors to complete this questionnaire taking into account the problems you have encountered in the last internal audit missions you have participated in.

The internal audit department and the territorial structures of the Ministry of National Defence will use the information provided by you to significantly improve its work as a whole.

Audit mission(s) in which you participated as an auditor and year(s) in which they took place:

The position(s) held by you within the audit team at the time of these audits:

Please tick only one answer, using one of the following:

<i>General expectations from those audited</i>					
1. At what level do you appreciate the overall collaboration with the management teams at the regular / compliance internal audit missions carried out in the last 5 years?	At a higher level	At a medium level	At a low level	At a very low level	I can't appreciate it
2. Have the auditors reported any elements of incompatibility among the members of the audit team in the regularity / compliance missions carried out in the last 5 years?	YES		NO	I DO NOT KNOW	
3. If there were any objections from those audited regarding the way in which the members of the audit team assessed the risks in the regularity / compliance missions performed in the last 5 years?	YES		NO	I DO NOT KNOW	
4. Were there any objections from the auditors regarding the assessment of internal control by the members of the audit team in the regularity / compliance missions carried out in the last 5 years?	YES		NO	I DO NOT KNOW	
<i>Assessment of the behaviour of the management teams in the audited units</i>					
1. At what level do you appreciate the answers of the managerial teams in the internal audit missions of regularity / compliance performed in the last 5 years to the questionnaires for the evaluation of the internal managerial control?	Very objective	Relatively objective	Objectives	Low level of objectivity	Very low level of objectivity
2. At what level do you assess the behaviour of the management teams in the regular / compliance internal audit missions carried out in the last 5 years regarding the provision of all the requested information?	At a very high level	At a high level	At a medium level	At a low level	At a very low level
3. At what level do you assess the behaviour of the management teams in the regular / compliance internal audit missions performed in the last 5 years regarding the performance of the necessary tests in such missions?	At a very high level	At a high level	At a medium level	At a low level	At a very low level
4. How do you assess the reaction of the management teams in the internal audit missions of regularity / compliance performed in the last 5 years regarding the finding and reporting of irregularities by the audit team?	Normal acceptance of irregularities	Normal but partial acceptance of irregularities	Unnatural to contest majority of irregularities	Unnatural to reject all irregularities	I cannot comment
5. How do you assess the reaction of the management team to the draft regularity / compliance audit reports carried out in the last 5 years in terms of the findings and recommendations made?	Normal acceptance of the findings and recommendations	Normal but partial acceptance of the findings and recommendations	Unnatural to challenge the majority of the findings and recommendations	Unnatural to reject all findings and recommendations	I cannot comment
6. How do you assess the results of the reconciliation between the management teams and the audit teams regarding the finalization of the draft regularity / compliance audit reports carried out in the last 5 years?	Favourable results with a balanced report format	Favourable results with a format of the report mainly in favour of the auditors	Favourable results with a pre-weighted report format in favour of those audited	Unfavourable resulting in the failure of reconciliation and recourse to other legal solutions	

7. Were there any aspects that you particularly appreciated as a result of the internal audit work of those audited?

8. Were there any aspects that you particularly disapproved of in the internal audit work by those audited?

8. Other comments

Thank you in advance for your time and sincerity of answers.



Performance indicators, both quantitative and qualitative, for both internal auditors and audited entities.

Quantitative performance indicators for internal auditors						
1) Number of compliance / regularity audit missions in which an auditor has been involved in the last 5 years (example: 4 missions in the last 5 years of activity);	1 mission	2 mission	3 mission	4 mission	5 mission	A higher number 5 (specify how many)
2) Position held in the internal public audit team in compliance / regularity audit missions performed in the last 5 years (example: in 3 missions - team leader and in 2 missions - team member in the last 5 years of activity);	Team Leader			Team Member		
3) Number of recommendations made by audit teams in compliance / regularity audit missions performed in the last 5 years (example: 2 recommendations in 3 missions; 4 recommendations in 2 missions performed in total in the last 5 years of activity; etc.);	1 recommendation /.... missions	2 recommendations /.... missions	3 recommendations / missions	4 recommendations / missions	5 recommendations/.... missions	A larger number of 5 recommendations (specify how many) /.... missions
4) Number and share of recommendations not approved / not adopted by the heads of the audited entities at the regularity / compliance missions carried out in the last 5 years (example: 2 recommendations in 3 missions carried out in the last 5 years of activity, representing 10% of the total recommendations in these missions; recommendations in 2 missions carried out in the last 5 years of activity, representing 20% of the total recommendations in these missions; etc.)	1 recommendation (... %)	2 recommendations (... %)	3 recommendations (... %)	4 recommendations (... %)	5 recommendations (... %)	A larger number of 5 recommendations (specify how many) /.... missions
Qualitative performance indicators for internal auditors						
1) Qualifications obtained in the service assessments in the last 5 years of activity as an internal public auditor (example: very good in the last 3 years; good in the last 2 years; etc.);	Very good	Good	Satisfactory		Unsatisfactory	
2) The nature of undergraduate studies held or acquired by internal public auditors in the last 5 years (example: 1 bachelor's degree in economics and 1 bachelor's degree in law; 1 bachelor's degree in technical field and 1 bachelor's degree in human resources; etc.);	Economic	Legal	Technical	Informatics	Human resources	Other fields
3) The nature of higher master's degree studies held or acquired by internal public auditors in the last 5 years (example: 1 master's degree in economics and 1 master's degree in law; 1 master's degree in technical field; etc.);	Economic	Legal	Technical	Informatics	Human resources	Other fields
4) The nature of the doctoral studies held or acquired by the internal public auditors in the last 5 years (example: 1 doctorate in the economic field; 1 doctorate in the legal field; 1 doctorate in the technical field; etc.);	Economic	Legal	Technical	Informatics	Human resources	Other domains (of the domain that is not part of those listed)
5) Professional qualifications acquired by the internal auditor in the last 5 years related to the profession of public internal auditor (example: chartered accountant and mediator; financial auditor, chartered accountant and evaluator ANEVAR; lawyer and mediator; etc.)	Financial Officer; Expert accountant; tax consultant; evaluator ANEVAR; insolvency practitioner	Notary public; lawyer; Legal Adviser; mediator; bailiff; and so on	Technical expert; architect; energy auditor, site manager; geodesy; and so on	Certified computer scientist	Human resources inspector	Other fields (specify the liberal profession in other fields than those listed)
6) Percentage of recommendations implemented by audited entities out of the total recommendations made by audit teams in compliance / regularity missions performed in the last 5 years (example: in 3 missions below 50%; in 4 missions between 81% and 90%; etc.)	Under 50%	Between 51% and 60%	Between 61 and 70%	Between 71 and 80%	Between 81% and 90%	Between 91% and 100%
Quantitative performance indicators for audited entities communicated by authorizing officers						
1) Number of regular public regularity / compliance audit missions to which the entity has undergone in the last 5 years (example: 1 mission; 2 missions; 3 missions; etc.)	1 mission		2 mission		3 mission	
2) Number of recommendations made by audit teams in compliance / regularity audit missions carried out in the last 5 years and accepted by authorizing officers (example: 2 recommendations in 3 missions; 4 recommendations in 2 missions in total in the last 5 years of activity etc.)	1 recommendation /.... missions	2 recommendations / missions	3 recommendations / ... missions	4 recommendations / ... missions	5 recommendations/.... missions	A larger number of 5 recommendations (specify how many) /.... missions
3) Number of actions foreseen in the risk register by types of risks compared to the number of risks manifested and resulting in measurable negative consequences (example: 20 risk prevention actions / 2 manifested risks);	Between 1-20 shares /... represented risks	Between 21-40 shares /...represented risks	Between 41-60 shares /... represented risks	Between 61-80 shares /... represented risks	Between 81-100 shares /... represented risks	Over 100 actions /...represented risks
Qualitative performance indicators for audited entities communicated by authorizing officers						
1) Ratings obtained from inspections, controls or other forms of verification (or other specific performance parameters used to assess military organizations) by the audited entity, after the last regularity / compliance internal audit mission or the last such mission performed in the last 5 years (example: very good in the last 3 years; good in the last 2 years);	Very good (similar indicator)	Good (similar indicator)		Satisfactory (similar indicator)		Unsatisfactory (similar indicator)
2) Number and weight of recommendations applied by the heads of audited entities to regularity / compliance missions carried out in the last 5 years (example: 8 recommendations in 3 missions carried out in the last 5 years of activity, representing 90% of the total recommendations in these missions; 15 recommendations in 2 missions carried out in the last 5 years of activity, representing 90% of the total recommendations from these missions; etc.)	Up to 10 recommendations in.... missions (... %)	Between 11 and 20 recommendations in ... missions (... %)		Between 21 and 30 recommendations in ... missions (... %)		Over 30 recommendations in ... missions (... %)
3) Number and share of recommendations not applied by the heads of audited entities to regular / compliance internal audit missions performed in the last 5 years (example: 2 recommendations in 3 missions performed in the last 5 years of activity, representing 5% of the total recommendations in these missions; 1 recommendation in 2 missions carried out in the last 5 years of activity, representing 10% of the total recommendations in these missions; etc.)	1 recommendation (... %)	2 recommendations (... %)	3 recommendations (... %)	4 recommendations (... %)	5 recommendations (... %)	A larger number of 5 recommendations (... %)

These indicators will be supplemented by studying the audit reports in exclusive regularity/compliance or assurance missions, complex, which also included elements of regularity/compliance performed in the last 5 years by teams of internal auditors from the management and territorial structures.

How to make the connection between the internal audit and the expectations of the entities subject to this type of activity

<i>Elements of connectivity between internal auditors and audited entities</i>					
<i>1. Correlation between the degree of risk of the audited entity and the number of regularity / compliance audit missions performed at a military organization in the last 5 years (high risk / 2 missions; low risk / 1 mission; etc.)</i>	High risk /... audit missions	Medium risk /... audit missions		Low risk /... audit missions	
<i>2) Correlation between regularity / compliance audit missions and the results obtained by the audited units after the last mission performed on them in the last 5 years (example: 1 mission / positive ascending results after mission; 2 missions / descending results after first mission and positive ascending after two missions; etc.)</i>	1 mission / ascending positive results (from good to very good)	1 mission / consistently positive results (from very good to good)	1 mission/ positive descending results (from very good to good or from good to satisfactory)	2 missions / ascending positive results (from good to very good)	2 missions / results constantly positive (from good to very good) or decreasing (from very good to good or from good to satisfactory)
<i>3) Correlation between the level of implementation of the measures and the measures established by the audit reports following the regularity / compliance missions in the missions of the last 5 years (percentage between 80% and 99%)</i>	100%	Between 80% and 99%	Between 60% and 79%	Between 50% and 59%	Under 50%

These elements will be complemented by studying the audit reports in exclusive regularity/compliance or assurance missions, complex or including elements of regularity/compliance, prepared by teams of internal auditors from the management and from territorial structures and from the performances of the entities audited by these teams of auditors and obtained in the last 5 years.

Strategies of the internal audit department and territorial structures in the army

<i>Elements of the strategy of the internal audit department and the territorial structures of the army for the next period</i>
<i>1) Continuous improvement of the professional training of internal auditors in accordance with the requirements of international standards and with the trends manifested at international, European and national level in this field</i>
<i>2) Making persistent efforts to obtain the certification of internal public auditors of as many professionals who work in the internal audit structures of the Ministry of National Defence</i>
<i>3) Recruitment in the activity of public internal audit from the army of as many professionals who have qualifications in professions that have close connections with the internal audit activity (financial auditors, accounting experts, tax consultants, ANEVAR certified evaluators, lawyers with legal qualifications, notary, legal advisor, bailiff, mediator, certified IT professionals, certified human resources specialists, certified public procurement specialists, certified engineers in logistics and maintenance, etc.)</i>
<i>4) Improving the planning process of internal audit missions by moving from a planning based on periodicity to one focused on major risks, threats and vulnerabilities in the military field;</i>
<i>5) Supporting the army leadership in the decision-making process, by conducting relevant and systemic audits, focused on the areas considered priority in the military organization;</i>
<i>6) Improving and adapting the organizational structure of the Internal Audit Department to changes in the military or outside the entity to ensure the relevance and efficiency of the audit;</i>
<i>7) Development of clear and applicable methodologies, representing "audit manuals" and including case studies and practical examples on the approach to types of audits in areas specific to the military organization;</i>
<i>8) Dissemination in the army, with a preventive role, on auditable areas, of the main dysfunctions identified by the internal audit teams, in the form of a Preventive Bulletin of the military internal audit;</i>
<i>9) Improving the flow of information in the field of audit within the Internal Audit Department by implementing an audio-video communication system with the territorial sections;</i>
<i>10) Increasing the degree of automation of the internal audit activity, reducing the period of internal audit missions by using IT means;</i>
<i>11) Increasing the value brought by the activities of the Internal Audit Department, so that the audit becomes a function of strategic importance in the army;</i>
<i>12) Carrying out activities without the existence of events related to possible acts of corruption or violations of the Code of Ethical Conduct</i>

This part of the research record the actions planned and executed by the management and the territorial internal audit structures in the army to achieve the strategic objectives of these audit structures.



The elements of innovation and the skills of the professionals from the internal audit department and from the territorial structures

<i>Elements of innovation and the skills of professionals from the internal audit department and from territorial structures</i>
<i>1) Appropriate use of the full range of internal audit methods and techniques, depending on the specificity of the audited entity or the evolution of each audit mission.</i>
<i>2) Making the most of the possibilities for large-scale digitization of the internal audit activity.</i>
<i>3) Reviewing the ways of determining risks in the internal audit activity in order to objectively identify the entities and activities in the army that need to be audited with priority according to the level of risks.</i>
<i>4) Reviewing the evaluation modalities of the internal managerial control in the internal audit activity in order to identify the weaknesses of this activity and the adequate reconfiguration of the entire managerial activity at the army entities.</i>
<i>5) More appropriate correlation of internal audit actions with the actions of other control filters (internal managerial control; public external audit) to ensure complementarity of actions, avoid duplication and increase the efficiency of the actions of the 3 types of filters.</i>
<i>6) Systematic evaluation of the efficiency and quality of internal audit missions in the army by carrying out separate missions to evaluate public internal audit activity, in parallel with the application of questionnaires adapted for this purpose on audit teams, but also on those audited for the most accurate self-assessment the activity of each auditor and audit team.</i>

In this last part of the research there are extracted from the internal audit reports that run until the end of this activity, the elements of innovation and professional skills that were used, and if this did not happen, it is recommended elements, based on the situations encountered in the audits carried out in recent years, to be used in future missions, in order to increase the quality and efficiency of such activities.

Conclusions

The regularity/compliance audit represents a specific type of internal audit meant to offer to the public and private entities an assurance regarding the effectiveness of the risk management, control and governance processes performed at their level.

The Balanced Scorecard (BSC) model, by the quality of harmoniously combining the quantitative and qualitative aspects of research, offers the possibility to the responsible factors in the area of internal audit to look for solutions to improve and modernize it, especially in the regularity/compliance missions, so that the internal audit is connected as closely as possible to the requirements and needs in continuous dynamics of those audited.

The set of questionnaires, performance indicators, elements of innovation, connection and strategies that we have configured according to the requirements of BCS, for a research that we will perform among auditors and those audited in military structures, we hope to help us identify solutions to enhance the contribution of regularity/compliance internal audit missions to improving management activity in military entities.

NOTES:

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3 J. Renard, *Cited work*, pp. 40-41.

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