

THE BODY OF EXPERT AND LICENSED ACCOUNTANTS OF ROMANIA - ORGANISM OF REPRESENTATION AND NORMALIZATION FOR PROFESIONAL ACCOUNTANTS OF ROMANIA

Rotilă Aristița, Lecturer, PhD
UNIVERSITY OF BACĂU

Abstract:

The Body of Expert and Licensed Accountants of Romania (CECCAR) is the institution that manages the Romanian accountancy profession. At the same time, by elaborating the professional standards for a whole range of services offered by accountants, standards that are references when it comes to appreciating the quality of the services provided by this professional category, CECCAR fulfilling the role of organism of normalization for its members. This role „is subordinated to the quality of elaborated standards and to the credibility of the organization”.

The change of our country's economic, social and political system, in December 1989, has consequently imposed changes regarding the status of some professions, including that of accountancy profession. As a natural consequence, it was necessary for the professional institution to be re-organized, after a long period of inactivity, institution that represented, from 1921 to 1951 the Romanian Accountancy Profession.

The existence of professional accountants organism was officially acknowledges together with conferring juridical personality according to the court order no. 22 from 10th July 1992; this institution was given the title The Body of Expert and Licensed Accountants of Romania¹.

Although there are references to the specific activities of the accountancy profession since 1990-1991, in Company Law no. 31/1990 and Accounting Law no. 82/1991, the settlement of this profession is done much later, together with the making and endorsement of the Government Ordinance no. 65/1994 on the organization of the expert accountant and licensed accountant practice, approved and amended by Law no. 42/1995. As soon as these regulations, which

have officially marked the beginning of free and independent profession of expert accountant and licensed accountant, come into being, the following were approved:

- Regulations concerning the exams organized to become on expert accountant and licensed accountant (HG no. 316/1995);
- Regulations concerning the organization and the working of CECCAR and the Code of Ethics and Professional Conduct for expert and licensed accountants (CECCAR Ruling no. 1/1995).

Subsequently, on the basis of Government Ordinance no. 75/1999 concerning the activity of financial audit, a new institution has appeared, Chamber of Financial Auditors of Romania – CFAR - (professional organization of public use without lucrative purpose), that has been given the function of managing the activity of financial audit.

So, from this moment on, by the settlement of the law, two separate structures are known: on one hand, the profession of expert accountants and licensed accountants managed by CECCAR, on the other, the profession of financial auditor managed by CFAR.

Among the consequences of such an approach, through which, in fact, has taken place a „taking over of the activity of

¹ In efforts to re-establish CECCAR must be retained and the following points: setting up the General Association of Accountants and Technical Experts from Romania, in January 1990; setting up, through modification of the registration at January 1990, of two independent bodies: The Body of Experts Accountants and The Body of Technical Experts, in October 1991.

financial audit from the expert accountant”, we get²:

- the illegal taking over of a right previously gained by the expert accountants;
- violation of the principle of loyal competition by eliminating the expert accountants from the audit market;
- forcing the expert accountants to make further financial efforts including passing needles exams, once again and taking up different stages of preparation (the quality of being on expert accountant and licensed accountant, and also the quality of financial auditor, are gained only by on the basis of exams).

As this was not enough – elimination of financial audit as an activity that could be done by the expert accountant, by Government Ordinance no. 71/2001 concerning the organization and practicing of the activity of fiscal consulting, approved with changes and completions by law 198/2002, a new „Chamber,, has appeared, „**The Chamber of Fiscal Consultants**” – CFC (professional organization of public use, legal entity without lucrative purpose) that has as a purpose ”coordinating the activity of fiscal consulting and protecting of its members rights when practicing the quality of fiscal consultant”. So, a new profession appears that of *fiscal consultant*.

As a consequence, another activity is „taken away” from the expert accountant, the Government Ordinance no. 71/2001, stipulating, in art. 26, the following: „on the day of validating the present ordinance, all the stipulation of art. 6, letter e, which refer to the implementation of fiscal activity, are repealed din Government Ordinance no. 65/1994 [...]”. But nothing can justify such measures of limiting the expert accountant’s tasks.

Together with the changes brought to the Government Ordinance no. 65/1994 by the Government Ordinance no. 17/2007, the expert accountant is given back his right, that is the expert accountants „can practice the activities of financial audit and fiscal consulting, following the specific regulations

of these activities” [Art. 6⁽¹⁾, introduced by Government Ordinance no. 17/2007, has became Art. 7 in Government Ordinance no. 65/1994 republished in 2008). The two organisms, CFAR and CFC, follow the imposed rule („following the specific regulations of these activities”), that is the expert accountant must repeat all the conditions imposed by the access to the quality of financial auditor, respectively the quality of fiscal consultant. Such on interpretation is equal to the cancellation of the above effect.

So from a “whole” were “extracted” two activities components - financial audit and fiscal consulting - achieving “a distinct regulation of these” in a way that “derange”, respectively “through illegal confiscation of the two activities from the preoccupations of the expert accountant, through the exclusivist and monopolistic nature of these regulation [...] and especially the adverse consequences on protection of the public interest, being two activities executed independently and which, in this way, were placed under control officials”³.

The Body of Expert and Licensed Accountants of Romania, the institution that manages the accountancy profession in Romania, independent, non-governmental, non-profit and of public interest „watches and acts in order for the Romanian professional accountants to satisfy the requirements of the market, of the business environment, of the public interest”.

On of the aspects that characterizes the accountancy profession of Romanian is the fact that „the voice of civil servants within the system of governmental representation of the profession is still too loud” being signaled „significant situations of conflict of interests and incompatibilities, especially regarding civil servants, but also the politicians”. Also, „when it comes to the accountancy profession, there are unjustified institutional parallelisms”⁴.

³ Discursul domnului Marin Toma, preşedintele CECCAR, la Congresul al XVII-lea al Profesiei Contabile din România, Revista Contabilitatea, Expertiza şi Auditul Afacerilor, Nr. 11/ 2008, p. 14.

⁴ Toma M., Potdevin J., *Elemente de doctrină şi deontologie a profesiei contabile*, Ed. CECCAR, Bucureşti, 2008, p. 15.

² Horomnea E., *Fundamentele ştiinţifice ale contabilităţii. Doctrină. Concepte. Lexicon*, Editura Tipo Moldova, Iaşi, 2008, p. 345.

CECCAR has remarkably developed on a national scale, being represented in all the 42 counties by territorial branches. The members of the CECCAR⁵ are 49.197 of professional accountants, 30.311 being active members (11.732 self-employed and 18.579 employed in industry, trade, education etc.) and 18.886 non-active members. The effective members according to their function are: expert accountants - 17.705; licensed accountants – 7.203; companies with foreign or mixed capital – 57; companies with national capital – 5.346.

The CECCAR mission is to serve the public interest, to strengthen the national accountancy profession and to support the strong development of the national economy by establishing and promoting the enforcement of high quality professional standards convergent with the international standards, and by revealing problems of general concern in which the professional expertise is important⁶.

The main objectives that assure the accomplishment of the CECCAR mission are:

- providing the quality of the services performed to the economy;
- the initial education and continuous professional development of the professional accountants;
- ethics and deontological behaviour of the professional accountants.

As a member of International Federation of Accountants – IFAC, CECCAR is committed to carry out the IFAC objective of developing and strengthening of an accountancy profession coordinated at international level with harmonized standards.

Also, CECCAR has to ensure that professional accountants keep on developing and maintaining the professional competences required by the users of their services. For this purpose there have been elaborate

professional standards in line with international standards issued by IFAC.

By elaborating *The Professional Standards no. 38 concerning the Continuing Professional Development of Professional Accountants*, CECCAR has assumed the following obligations⁷:

- to promote programmes of permanent education for the professional accountants;
- to facilitate the access of the professional accountants to opportunities and resources of continuous professional development;
- to establish standards of developing and maintaining the necessary professional competence to protect the public interest;
- to monitor and implement the continuous development and the maintaining professional competence of professional accountants.

The norms contained in the *Professional Standard no. 38* were established on the basis of *The International Education Standard (IES) no.7* issued by IFAC, according to that the institutions which are members have to implement a requirement of continuous professional development as a component of the professional accountant's statute in economy and society.

CECCAR supplies national programmes of education and development to the professional accountants across the economy through *The National Program of Continuous Development of Romanian Professional Accountants*, which is on in the 42 counties with the help of the branches of the Body.

Among the attributions of the CECCAR, there is also the elaborating and publishing of norms regarding the professional activity and ethics behaviour of experts and licensed accountants, of the professional guidelines in the field of financial accounting.

By elaborating the professional standards for the whole range of services provided by the profession of accountant, CECCAR has the role of normalization for its members, professional accountants. This role, of the normalized CECCAR for its members

⁵ Tabloul membrilor CECCAR la 31 mai 2008 în Raportul Consiliului Superior privind activitățile desfășurate de CECCAR în anul 2007 și semestrul I 2008, nr. 100091/19 august 2008, p. 59.

⁶ *Standardul profesional nr. 38 privind dezvoltarea profesională continuă a profesioniștilor contabili*, pct. 4, în *Programul național de dezvoltare profesională continuă*, Ediția a III-a, revizuită, Editura CECCAR, București, 2008, p.5.

⁷ Ibidem, pct. 11, p. 7.

and the representative of the Romanian accounting profession, „is subordinated to the quality of elaborated standards and to the credibility of the organization”⁸. The professional standards elaborated by CECCAR are references for assessing the quality of the services provided by the professional accountants.

At present, there are the following professional standards⁹ issued by CECCAR, corresponding to the different services (missions) provided by professional accountants:

- Professional Standard no. 21: Mission of book-keeping, preparation and presentation of financial statements;
- Professional Standard no. 22: Mission of examination the accounting, preparation and presentation of financial statements;
- Professional Standard no. 23: The activity of auditor in companies;
- Professional Standard no. 24: Missions of financial audit and the Conceptual framework on the standardized missions of the expert accountant;
- Professional Standard no. 35: The accounting expertise;
- Professional Standard no. 36: Missions of internal audit performed by experts accountant;
- Professional Standard no. 39: Mission of consulting regarding the enterprise establishment

After sustained efforts to align the policies of ethics and professional deontology of the members to the stipulations of *IFAC Code of Ethics*¹⁰, CECCAR adopted The International Code of Ethics of Professional Accountants, the 2005 version, issued by

⁸ Toma M., *CECCAR – vehicul pentru dezvoltarea profesiei contabile din România*, Mesajul președintelui CECCAR în Raport Anual 2006 al CECCAR, p. 4.

⁹ Prior to their publication has been issued, by CECCAR, norms for professional missions, namely: Norms of financial audit and certification of the balance sheet (1995); National norms of audit and related services (1999); Professional norms (2000); Norm concerning accounting expertise (2002) and others.

¹⁰ In 2002, CECCAR managed to align the policies of ethics and professional deontology of the members to the stipulations of IFAC Code of Ethics, in a National Code of Ethics revised and reclassified under the new edition (at that time) issued by IFAC.

IFAC, as basis of the ethical requirements of Romanian professional accountants or, in other words, as their own *National Code of Ethics for Romanian Professionals Accounting* (the 4th edition), imposed to be respected when it come to achieve the professional services performed in Romania, starting whit January, 1st, 2007.

Aware of the “great challenge” generated by IAS / IFRS and faced by the professional accountants, the professional organism CECCAR, with the help of French and Italian accountants, has trained a great number of trainers in the field of international standards, specialists of high professional competences, coming from different fields of activity. These have finally contributed to the training of the professional accountants to understanding and applying IAS / IFRS.

Also, to help the professional accountants when applying the knowledge of the facts, the accounting regulations harmonized with the European directives and international standards, CECCAR has elaborated „professional guides” for understanding and application of every IAS¹¹.

At an international level, CECCAR has a good partnership with the International Accounting Standards Board - IASB and the International Federation of Accountants - IFAC. On the basis of their mutual trust, CECCAR has received the right for translation and publication in Romania, under its signature, of the following standards:

- *International Financial Reporting Standards*, editions 2005 - 2007;
- *International Standard on Auditing*, edition 2007;
- *International Public Sector Accounting Standards*, edition 2005.

Also CECCAR has involved in the translation into Romanian (having the given license by IASB) of the Project “*IFRS for Small and Medium-sized Entities*”, renamed “*IFRS for Private Entities*”, so the Romanian professional accountants could to be active part in the international process of standardization trough making comments.

¹¹ It is a collection of 32 volumes, published in 2003-2004. The authors of these “professional guides” are, with some exceptions, university teachers.

So, true to the principles engraved in the statutes of the European and international organisms, to which it is a member¹², CECCAR has supported and will continue to support the knowing and applying of *International Accounting Standards / International Financial Reporting Standards* and *International Standards on Auditing*, in order for “the capital markets in Romania to have a high quality reporting and the business environment and governmental sector to use a unique language”.

Not without importance for the professional accountants are the CECCAR Congresses, held, according to a tradition of inter-war period, every two years, beginning with 1994. The Congresses of the expert accountants and licensed accountants in Romania are "real forums of discussion, schools of thinking and perception of the realities of the accountancy profession in Romania or anywhere else in the world"¹³. Each of these CECCAR Congresses has settled “a topic of reflection”, of great interest and actuality, around which there has been debate, as follows:

- Romanian Accountancy Profession - role and importance in the transitional phase to the market economy (1994);
- The market and the products of the Romanian Accountancy Profession (1996);
- Romanian Accountancy Profession and the public interest (1998);
- Romanian Accountancy Profession at the boundary between millennia (2000);
- Regulation and deregulation in accountancy (2002);
- Harmonization or Convergence of International Accounting Standards (2004);
- Accountancy Profession and Globalization (2006);

- The Accountancy Profession: between regulation and public interest (2008).

These events, where, apart from a large representation of the Romanian accountancy profession, a lot of guests participate, together with European and international personalities, represent opportunities to analyse the phases of development of this profession, its place and role in the economic and social space, the place and role of CECCAR within the institutional framework created in our country after December 1989, with the purpose of establishing the directions in which the Romanian professional accountants should act so as they could always know what is actual and modern regarding the changes on European and international levels.

¹² CECCAR is recognized as a member of the following bodies: IFAC, FEE, FIDEF, SEEPAD, FCM, CILEA, the Edinburgh Group, ECGI, CEPLIS. Moreover, representatives of CECCAR are part of the management structures of some regional bodies, namely: FIDEF, FCM, SEEPAD, CILEA.

¹³ Botez D, *Tradiții, actualități și perspective ale profesiei contabile din România*, Editura Sedcom Libris, Iași, 2005, p. 115.

References:

- [1] Botez D, *Tradiții, actualități și perspective ale profesiunii contabile din România*, Editura Sedcom Libris, Iași, 2005
- [2] CECCAR, *Album 85 de ani de la înființarea Corpului Experților Contabili și Contabililor Autorizați din România*, Editura CECCAR, București, 2006
- [3] CECCAR, *Cod etic național al profesioniștilor contabili, ediția a IV-a revizuită*, Editura CECCAR, București, 2007.
- [4] CECCAR, *Programul național de dezvoltare profesională continuă*, Ediția a III-a, revizuită, Editura CECCAR, București, 2008
- [5] CECCAR, *Raportul Consiliului Superior privind activitățile desfășurate de CECCAR în anul 2007 și semestrul I 2008*, înregistrat sub nr. 100091/19 august 2008
- [6] *Discursul domnului Marin Toma*, președintele CECCAR, la Congresul al XVII-lea al Profesiei Contabile din România, Revista Contabilitatea, Expertiza și Auditul Afacerilor, Nr. 11/ 2008
- [7] Dobroțeanu L., Dobroțeanu C. L., *Binomul „contabilitate și audit” în perioada post-revoluționară*, Revista Audit Financiar, nr. 10/2006
- [8] Horomnea E., *Fundamentele științifice ale contabilității. Doctrină. Concepte. Lexicon*, Editura Tipo Moldova, Iași, 2008
- [9] Toma M., *CECCAR – vehicul pentru dezvoltarea profesiei contabile din România*, Mesajul președintelui CECCAR în Raport Anual 2006 al CECCAR
- [10] Toma M., Potdevin J., *Elemente de doctrină și deontologie a profesiei contabile*, Editura CECCAR, București, 2008
- [11] *** Ordonanța Guvernului 65/1994 privind organizarea activității de expertiză contabilă și a contabililor autorizați, republicată în Monitorul Oficial al României nr. 13 /2008.
- [12] *** Ordonanței de urgență a Guvernului nr. 75/1999 privind activitatea a audit financiar, republicată în Monitorul Oficial al României nr. 598/2003
- [13] *** Ordonanța Guvernului nr. 71/2001 privind organizarea și exercitarea activității de consultanță fiscală, publicată în Monitorul Oficial al României nr. 538/2001.