

## AN EMIPRIC STUDY ON THE ROLE AND UTILITY OF THE FINANCIAL AUDIT IN ROMANIA

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**Abstract:** *The present article presents the results on an empiric study on the role and utility of the financial audit in Romania. The statistic population is formed from three groups namely the financial auditors, financial managers of the audited firms and the users of the audited accounting information. The results of the questionnaire have been analysed by the help of Kruskal Wallis Test, which has shown that for every statement the differences between the three groups are significant. Next the results have been interpreted globally. This way has been demonstrated the hypothesis according to which there are differences between perspectives and expectancies between the financial auditors, financial managers of the audited firms and the users of the audited accounting information in Romania regarding the role and utility of the financial audit. At the end of the study we have proposed solutions as to getting closer the expectancies of the three groups concerning the role and utility of the financial audit.*

**Keywords:** *empiric study; the role of the financial audit; the utility of the financial audit; differences of perspectives; differences of expectations.*

**JEL classification:** *M 42*

### 1. Generally Introduction

At the international level the role of the audit is of great interest and widely debated, in order to clarify the difficulties which come in understanding the social efficacy of the financial audit, as a lack of understanding the objectives, responsibilities or its limits.

The hypothesis from which starts this research is the fact that there are differences of perspectives and expectations between the financial auditors, financial managers of the audited firms and the users of the audited accounting information. We focused on realities of Romania and Spain concerning the role, utility and the independence of the present financial audit.

To demonstrate this hypothesis we have proposed the following objectives of the research: (1) Investigating the role and utility of the financial audit in Romania as seen by the financial auditors, managers of the audited firms and the users of the audited accounting information; (2) Determining the significance of the differences of

perspectives and expectations between the three groups in Romania. (3)Identifying some closing possibilities of the expectations between the three groups.

## 2.The methodology of research

To demonstrate the hypothesis and to touch the objectives of the research we have made an empiric research, a quantitative one.

Firstly we have realised a serious activity of research, regarding the statistic population which will enter in the study. This way we have established the three groups interested in the work of the financial auditor to whom the questionnaire is addressed - financial auditors, financial managers of the audited firms and the users of the audited accounting information. According to the characteristics of the statistic population we have established the competence of the sample for each of the three groups, so that the results to be interpreted at the global level and to have a national relevance.

*Table 1 The structure of the sample*

	QUESTIONNAIRES		
	SENT	RECEIVED	
		Absolute value	Percent
AUDITORS	600	211	35,17%
MANAGERS	504	133	26,39%
USERS	492	157	32,30%
TOTAL	1596	501	31,28%

Source: own processing

The questionnaire is anonymous and contains closed questions, positively formulated. To make the work easier for the person who fills in the form and to be able to quantify the answers we limited the answers to five, on a value scale from 1 to 5, according to Likert Scale, where 1 represents the maximum level of agreement, 5 represents the maximum level of disagreement, 3 represents the neutral value and 2 and 4 intermediate values of agreement and disagreement. Only one single answer is to be given.

The process of sending and receiving the answers has been by e-mail, during February-December 2012. The answers have been centralised by an informatics Excel programme, specially designed for it and interpreted with the help of econometric models Kruskal Wallis and Mann Whitney, which have shown if the differences for each statement of the questionnaire between the three involved categories are significant or not.

Also, the results of the tests have been incorporated inside some tables, which are the basis of the descriptive analyses of the questionnaire results.

## 3.Previous studies

In the last years at the international level have been realised a lot of studies empiric and comparative concerning the financial audit. First of all we have to remind the fact that the European Commission has initiated a large process of consulting among the EU member countries concerning the role of the financial audit, the independence of the auditors, information given by the audit Report, concentrating

the audit market inside Big Four or the problems connected to the corporate governance.

If we talk about the role and the utility of the financial audit there are researchers which state the fact that only if the financial audit hadn't been imposed to the firms as a legal obligation but as a voluntary one it could have been proved how appreciated its role is by the firms and users. Other studies sustain the necessity of the financial audit and its regulations by the professional organisms, considering the protection of the users on the capital markets (Humphrey and others, 2009).

In what concerns the term "audit expectation gap" there are studies which sustain the necessity of educating the public regarding the limits of the financial audit (Fowzia, 2010) and (Porter, 2009).

In the last years have appeared studies which debate the role of the financial audit during the periods of the economic crises. This way are being analysed the characteristics of the audit committees from the firms affected by the crises and of those which haven't been affected (Rahmat and others, 2009), are exposed the challenges and opportunities which crises offers to the financial auditors (Fraser and Pong, 2009), or it is offered a reflection on the actual audit practices, specially referring to auditing new forms of investments and complex financial instruments (Sikka and others, 2009). Also, based on the found information from the managers of some financial institutions, it is analysed the present financial crises from the perspective of the corporate governance (Haspeslagh, 2010). The most recent is the study on the firm PriceWaterhouse Cooper from 2011 which analyses the perception of the investors from England on the role and utility of the financial audit in the context of the actual economic crises.

In Romania we do not have many empiric studies on themes of financial audit. Still lately have appeared some specialty magazines, but generally they are reduced. Some examples might be: "The statistic explore of the audit market having as a purpose the appreciation of the auditor" (Jaba, Robu, 2011) and refers to the connection and direct effect which has on the independence of the auditor the financial performance of the audit firm; "The external auditors and the corporate governance under the impact of the financial crises" (Dobroțeanu and others, 2011) which treat the role of the external audit and of the corporate governance in credibility of the financial report of the firms; "The dynamic of the perceptions regarding the external audit under the impact of the financial crises" (Dobroțeanu and others, 2011) an empiric study about the degradation of the perceptions of a group of students on the problems "audit expectation gap" before starting the financial crises and after its starting; "The importance of the information offered by the financial audit for managers, investors and financial analysts" (Cernea, Ștefănescu, 2012) – an empiric study which refers to determining the degree of appreciation of the information delivered by the audit report by the users.

Years ago this type of study were specific to Anglo-Saxon countries, but today they have extended to all European countries, as they allow touching a better convergence between them. My research has a quite big extending and a very welcomed one in Romania as „at the actual moment, the specialty literature does not know a lot of studies dedicated to this problem and especially to investigating the differences of perceptions regarding the external audit in the specific circumstances of the Romanian environment”.

