Abstract: Knowledge on and application of the legislation and professional reasoning in a professional manner related to control and situation in the field, of the control methods and procedures, is one of the essential premises that ensures efficiency and finality in the activity of patrimony control of an entity in the constructions field. A financial audit, which aims at an integrated control, provides conclusions on the entire activity. It fully characterizes the efforts and the results and it can also show faults, deficiencies and frauds in their entirety. The stocks cannot be simply taken into account as they are in a balance sheet and say straight away that the entity has sufficient stocks and it is performant. It is necessary to have a stock audit in order to highlight the accordance between the records and the physical stocks or their movement. The same reasoning also applies to outstanding debts, purchase/selling of real estate, rents of real estates, verification of contractual obligations, declarations regarding and actual payment of taxes to the state budget and the state social security budget etc. The relationship between audit and the benchmarking plan is given precisely by the final result of a performance evaluation and in order to get to a correct result it is necessary to have correct data and financial indicators. Otherwise, the risk is to evaluate an entity as performant and shortly after that it goes into bankruptcy. Benchmarking is a support instrument for decision-making, a continuous evaluation process, a mean of looking for the most performant methods to do a given activity. It is a system of information that allows an entity to show its development strategy, a technique for determining its competitive advantages and to learn about its products, services and operations by comparing them with the best ones. This instrument is part of the flexible management techniques that are based on learning, on initiative, together with ABM, reengineering, value analysis, process performance tracking. P. Drucker (considered the founder of management principles) said that “there are few things that are as important for a company’s performance as measuring performance is”. It may be asserted that most current problems are caused by the management instruments that were created under economic and social conditions that are no longer applicable to the current economic context.

Key words: audit; management; control; performance; benchmarking; constructions.

J.E.L. Classification: M40; M41; M42.

1. Introduction
In order to highlight the relationship between audit and benchmarking I will present the technical concepts related to the examination of the documents of an entity in the construction field and end with a brief presentation of how to instrument a benchmarking model.

The objective of any type of audit is to make use of information more effective and to perfection it.

The main elements of an audit may briefly be describes as follows:
Examination of information must be professional and in accordance with the specific of the entity’s activity;
- The purpose of this examination is to express an opinion on the information, namely, opinion with or without reserves, impossibility to express an opinion, refusal to express an opinion;
- The expressed opinion must be independent; the financial auditor who makes this examination has certain responsibilities with regard to his/her activity and must be independent;
- The examination must be made following pre-established rules, included in a standard, legal or professional norm that is seen as a quality criterion.

2. The key Elements of the Statutory Audit Concept are:
- The financial auditor is competent and independent, and is either an authorized individual or a legal entity;
- The examination made by the auditor is focused on the yearly financial statements of the entity, in their entirety: balance sheet, profit and loss account and the other components of the financial statements;
- The purpose of the examination: expressing an opinion regarding the exact image of the yearly financial situation and the performances obtained by the audited entity;
- The opinion expressed has as legal reference the international audit standards and the national norms.

The third parties expect the statutory auditor to protect their interests by providing professional insurance regarding the fact that:
- the financial statements are eligible and present a correct image;
- the financial statements are the responsibility of the auditor.

2.1. Financial Statement Accuracy
The users of the financial statements expect an audit report to be without reserves, to guarantee the truthfulness of the financial statements, for which the following may be said:
- The general manager must know the entity’s business very well, as he/she is the one who can maintain or increase performance. Together with the management board, the general manager chooses the accounting treatment of data that is to be applied and the declaration practices of the entity with regard to financial statements. Thus, the management is responsible for the way the financial statements are made;
- The auditors must be sure that the yearly financial statements audited are correct and real.

The financial auditors must be independent with respect to the audited financial statements. More precisely, they did not take part in the elaboration of these documents even as consultants.

The audit report must contain the auditor’s opinion on solvability and liquidity if the financial statements were made based on continuity in exploitation.

2.2. The Financial Auditor has the Obligation to be Sure of:
- The accounting principles applied and their fundament, especially for the main entries that define the construction activity.

The information above allow for evaluation regarding the following general risks:
- *Risks regarding the economic situation of the company* (for example, elements that might question the continuity of the activity);
- *Risks regarding general organization* (for example, the expert will approach differently an audit when the management is mainly focused on production and
sales than when the management is concerned with internal control and the quality of the financial information).

2.2.1. Risks Regarding the Nature of the Operations Treated
The data presented in the financial-accounting documents are of three types, each with specific risks:
- **Repetitive data** – is data resulting from current activity of the company in the construction field: selling of apartments or dwellings, purchase of raw materials and materials specific to the construction field, salaries etc.;
- **Occasional data** – is complementary to repetitive data, occurring at certain time intervals, for example: physical inventories of stores for construction materials, evaluation at the end of the cycle of the buildings and the equipment etc. These carry significant risks when not discovered in time and it is necessary for the financial auditor to know them in advance in order to organize the necessary controls;
- **Exceptional data** – results from operations or decisions that derive from current activity: sites or buildings evaluation, mergers (if the entity merges with another entity in the same activity field or in different activity field), activity reduction etc.

2.2.2. Risks Regarding the Systems Functioning
Both the design and the functioning of the systems must allow for prevention of errors or detection of those already incurred in order to correct them in due time.

2.2.3. The Risk of non-Detection During Audit
The level of the non-detection risk is in direct connection with the procedures applied by the auditor, in the sense that it cannot be completely eliminated, regardless of the techniques and procedures used by the auditor (Dobroteanu and Dobroteanu, 2002).

Using the example of the entity GRIGORE MARIAN S.A., company in the construction field, we may infer that the non-detection risk is the only risk that can be controlled by the auditor. However, there are certain factors that may trigger the non-detection risk:
- The financial auditor does not use the audit procedures adequate to the construction field. For example, the financial auditor does not apply a verification procedure with the suppliers that issued invoices for deposits for construction materials, even if the deposits account has significant amounts, and there are no balance confirmations;
- Incorrect application of an audit procedure. For example, further enquiries may be made with the management of the entity when the accounting records show a zero balance for suppliers that summon the company to pay its debts. In this case, the financial auditor must go beyond checking the invoices in the entity’s archive, namely to make thorough investigations in order to clarify the summons, since there are operations that are not recorded by accounting, thus also a risk of fraud.

3. What is Benchmarking?
Benchmarking is for any competitiveness strategy what accounting is for financial management (Camp, 1998).
As a continuous evaluation process and a mean of searching for the most performant methods to carry out a given activity, benchmarking is a precious instrument for performance management. Simultaneously, it is a system of information that allows an entity to display its development strategy (Niculescu and Lavalete, 1999).
The benchmarking concept, which comes from the English word “benchmark”, is widely used in the United States of America (USA). This concept is based on the fact that the
exterior world is in continuous evolution, and lies in comparing one’s own organization with one or more others, identified as reference in the domain. The Japanese literature uses the word “dantotsu”, which means “to be the best of the best”, and this is precisely the essence and the importance of benchmarking. Many companies do benchmarking even since the 1950s. The term covers a simple idea, namely that of finding a company or those companies in the world that are most performant in doing a task or a process with the view to adapt the respective process within the own company. In other words, it is about comparing with the champions in a field, to draw from their experience with the purpose to get one’s own company closer to excellence.

Benchmarking began to be used on a large scale mainly for evaluating the performances of organizations, including those in the building industry. Benchmarking is a management process that is manifested through a continuous improvement, thus a managerial process that must be done continuously in order for it to be profitable.

Only those companies that are disciplined in following the benchmarking process will be able to achieve higher performances. In an environment where change is the rule, the entities that do not take that into account are doomed to end up in very uncomfortable situations and even bankruptcy.

### 3.1. Steps to Follow in Applying Benchmarking:

- **Planning**, with the following phases:
  - Identifying the research object (products, services, practices);
  - Identifying the reference element (competitor, other company, departments, processes);
  - Choosing the data collection method.

- **Analyzing**, with the following phases:
  - Identifying the differences;
  - Fixing the future performance target.

- **Integrating**, with the following phases:
  - Communicating the data;
  - Accepting the data.

- **Acting**, with the following phases:
  - Designing and developing the action plans;
  - Applying and following the plans.

- **Maturity**, with the following phases:
  - Integrating benchmarking in current instruments and practices.

(Camp, 1998; Niculescu and Lavalete, 1999).

The term of benchmarking implied measuring. The measuring can be done in two ways. The internal and external practices may be compared and the resulting significant differences can be analyzed and taken into consideration. This result offers the opportunity of reaching the best practices. Nevertheless, benchmarking is not merely a quantitative investigation, but it also determines the practices that are used to lead to improving performances. Consequently, benchmarking is more than studying the competition, it is a process of determining the efficiency of the leaders in a field by measuring their results and the profits that can be obtained.

### 3.2. The Benchmarking Study may be Applied to any side of a Business, Including in the Construction Industry:

It may be applied to processes and services, to the production of goods and services, generally, it may be applied to all practices and methods that contribute to the production of goods and services up until the satisfaction of all business partners – the clients.
The EU promotes, through the specialized departments, even since 1996 the concept of benchmarking as “an instrument to increase competitiveness, the quality of certain products, processes and economies”. The EU Parliament document COM (96) 413 from October 9th, 1996, “Benchmarking and competitiveness of the European industry” shows that the benchmarking instruments must be used more intensively in comparing the good practices that regard all aspects and key sectors that determine the methods and ways of success of companies activating in the common area.

The importance of this management instrument is proven by the network of European institutions that promote benchmark-specific techniques, the successes of the companies that apply it, the data banks that are created and the spread of good practices in European companies.

Realizing the importance of this recommendation in Romania as well, a national project was developed that aims to create a network that promotes benchmarking and applying it in various forms in the economy. The small and medium enterprises are more interested in the application of this procedure, since it gives them increased competitiveness, shorter times for analyzing and applying results, focus on specific elements that in the company policy represent a restriction that affects the quality and costs and which, if eliminated, increase their chances of competitiveness on the market, increased mobility with the help of which it can get involved in the analysis of the strengths of a company in the same field and the capacity to master good practices.

A company in the construction industry may approach – depending on its interest – one of these directions or coherent elements from the structure of the ones enumerated, but with the distinct mention of the followed objectives, especially of the critical zones that put it in difficulty with reference to the competitor entities.

3.3. The Broad Objectives Approached by this Concept Allow the “Areas” Where Benchmarking Works to be Various. Thus we Have:

- Product benchmarking (comparing the characteristics, functionalities and performance of the competitors’ products in the construction industry);
- Competition benchmarking (the focus is on product efficiency) in process benchmarking (comparing one’s technological processes with those of a successful company and learning from its experience – a small enterprise will always draw from the experience of a large enterprise in the construction industry and it will study the stages that led the later towards performance);
- Performance benchmarking (analysis of the performance of own product, own dwellings, in comparison with direct and indirect competitors);
- Strategic benchmarking (a systematic process of evaluating alternative scenarios, making them compatible with the competitors’, taking into account possible turbulences or perturbations due to the unpredictable character of market evolutions).

Establishing a reference point, a “target”, as etalon, becomes an important aspect in the management of a company that must, in the end, become the producer with the lowest price for the product and to have an increasing market share.

The fundamental questions that must be asked in approaching a benchmarking project and that must be the “targets” can be synthetically formulated as follows:

- What do we want to measure and how to compute the quality cost?
- What partner do we choose for the benchmarking?
- What is the performance of the products, processes and services of the company that wants do make the project?
- How good is the performance of the company whose experience we want to master?
- Is time managed?
- Is the indicator “client satisfaction” used as base for processes improvement?
4. Conclusion
In order to measure an entity’s performance and to apply a benchmarking project, it is necessary to have a financial audit (control) and it depends on the expressed opinion. A faulted result may be measured only after the yearly financial statements were analyzed and verified by a professional. The relationship between the audit and the benchmarking plan is given precisely by the final result of a performance evaluation. In order to reach a correct result it is necessary to use correct data and financial indicators, otherwise, the risk is to evaluate an entity as performant and shortly after that it goes into bankruptcy.

References: