

# INTERNAL PUBLIC AUDIT IN ROMANIA: STRATEGIC TARGETS AND RELEVANT ACHIEVEMENTS REPORTED IN THE POST-PANDEMIC STAGE

**Ionel BOSTAN<sup>1\*</sup>, Mihai POPESCU<sup>2</sup>, Bogdan Narcis FIRTESCU<sup>3</sup>**

<sup>1</sup>Faculty of Law and Administrative Sciences, Stefan cel Mare University of Suceava, Romania

[ionel.bostan@fdsa.usv.ro](mailto:ionel.bostan@fdsa.usv.ro)

<sup>2</sup>Faculty of Economics, Administration and Business, Stefan cel Mare University of Suceava, Romania

[mihai.popescu@usm.ro](mailto:mihai.popescu@usm.ro)

<sup>3</sup>Faculty of Economics and Business Administration, Alexandru Ioan Cuza University of Iasi, Romania

[firtescu@uaic.ro](mailto:firtescu@uaic.ro)

Received 26 September 2025; Accepted 15 December 2025

## **Abstract:**

*The study explores the current stage and strategic evolution of the internal public audit system in Romania, emphasizing its role as a central instrument of good governance and institutional accountability. Based on a mixed approach—combining documentary and interpretive analysis with the assessment of statistical data provided by the Central Harmonization Unit for Public Internal Audit (UCAAPI)—the research examines the legal framework, recent regulatory changes, and functional parameters of the internal audit system. The paper highlights the main transformations introduced by Government Ordinance No. 29/2022 and Law No. 253/2023, which redefined the governance structure, enhanced the role of UCAAPI, and strengthened audit committees and certification mechanisms. Statistical findings for 2023 reveal that, although over 90% of public entities have formally established internal audit structures, only about 79% ensure their effective operation. Moreover, the analysis shows that less than half of the recommendations issued by auditors are implemented on time, signaling persistent institutional and managerial vulnerabilities. The study concludes that the success of internal public audit reform depends on moving from formal compliance to effective functionality, supported by adequate human resources, modern analytical tools, and a culture of managerial accountability. These findings provide both a diagnostic overview and forward-looking guidance for strengthening internal audit as a driver of public sector performance and transparency.*

**Key words:** internal public audit; UCAAPI; public governance; regulatory framework; audit committees; managerial accountability; Romania

**JEL classification:** H11, H61, H83, K23, M42.

## **1. INTRODUCTION**

Internal public audit represents an essential instrument of good governance, serving to systematically and objectively assess the effectiveness of risk management mechanisms, to analyze the functionality of internal controls, and to evaluate the maturity of institutional governance processes. By its very nature, this activity focuses on how public funds are established, administered, and used, as well as on the efficiency of managing the assets owned by the state and local administrative units (Ionescu and Nica, 2021; Bunea, 2022; Voinea, 2016). Within the internal control system, internal public audit operates as an independent yet strategically integrated component that provides the management of public entities with reasonable assurance regarding the compliance, efficiency, and effectiveness of operations carried out. More than a simple verification mechanism, internal public audit has become a strategic advisory partner, actively contributing to decision-making through recommendations designed to add value and support the achievement of institutional objectives (UCAAPI, 2024a). In recent years, this function has undergone a visible process of maturation and consolidation, marking the transition from the stage of institutional construction to that of performance and impact optimization. Internal public audit is no longer perceived merely as a legal obligation but as a vector for the modernization of public administration, a guarantor of transparency and accountability in the management of public resources. Its recent evolution reflects a clear trend toward professionalization, technological integration (including through the use of

digital and analytical tools), and alignment with international best practices—all contributing to increased public trust and more efficient financial governance.

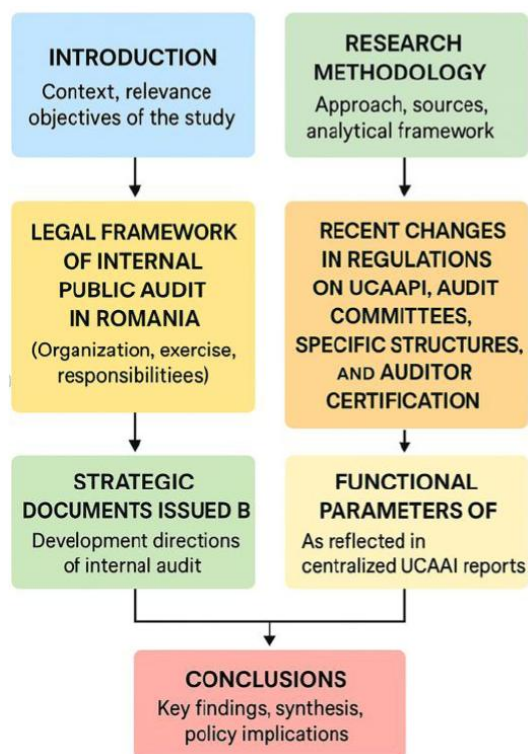
Defined as a “functionally independent and objective assurance and consulting activity designed to add value and improve the public entity’s operations; it helps the public entity achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes” (RP, 2002), internal audit has, in practice, come to encompass nearly all components of the public sector. Today, it is widely recognized that “In decision-making processes taking place within organizations, managers base their decisions on the information they possess and on the advice provided by the organization’s internal specialists or by external consultants.” (Macarie, 2008). Moreover, an increasing number of researchers in the field have demonstrated and fervently supported the necessity of understanding and strengthening auditing in the public sector (Carataş, 2020; Ghita, 2007; Bostan and Dascalu, 2016; Bostan, 2010ab; Ghiță and Bostan, 2004).

At the international level, the practice of internal auditing has progressed continuously, fully revealing the multitude of benefits it generates (Munteanu, 2010; Boaja and Radu, 2009; Cosserat, 2000). Over time, this has led to the development of new methodologies in the field, as well as to the revision of international standards on internal auditing to enhance good practices. Against this backdrop, internal public audit in Romania finds itself at a defining moment, marked by profound transformations of the normative and institutional framework. The amendments introduced by Government Ordinance no. 29/2022 and Law no. 253/2023 brought major clarifications concerning internal audit governance, the role of the UCAAPI, the establishment of audit committees, and the structuring of audit departments in relation to risks and the complexity of the audited entities’ activities. These changes aimed not only to increase methodological coherence and uniformity but also to strengthen the advisory and performance evaluation function.

The analysis of recent data (UCAAPI, 2024b) highlights a trend toward consolidating the function but also the persistence of gaps between formal implementation and the effective functioning of audit departments. The degree of institutional establishment of the function exceeds 90%, but the level of actual activity remains below 80%, signaling the need to strengthen institutional capacity, including through recruitment and continuous training policies. Furthermore, the analysis of the implementation of auditors’ recommendations reveals that only part of these are fully applied within the set deadlines, indicating difficulties in translating findings into concrete managerial actions.

Therefore, the present research aims to analyze the current stage of development of internal public audit in Romania, to identify its progress, dysfunctions, and challenges, as well as to propose directions for strengthening its efficiency and relevance in the context of modern public governance. The paper brings both a theoretical and applied contribution to understanding how the internal public audit function evolves from a compliance-based, control-oriented approach toward a strategic one, focused on performance and added value.

With regard to the specific approach of our paper (“Internal Public Audit in Romania: Strategic Targets and Relevant Achievements Reported in the Post-Pandemic Stage”), we considered it appropriate to adopt the structure illustrated in Figure 1.

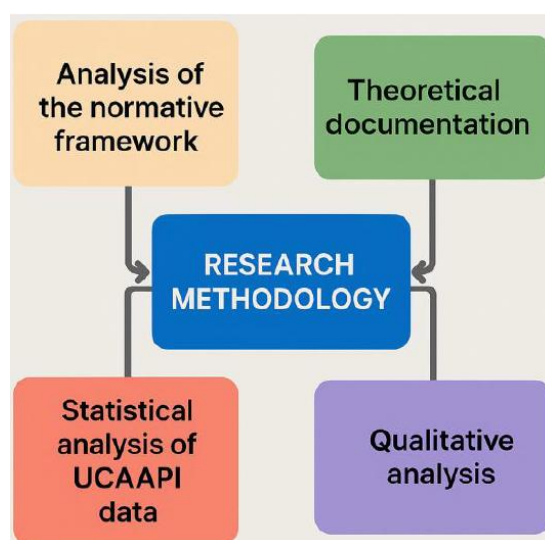


**Figure 1. Design of the study**

The conclusion of the paper includes a series of references to the limitations of the research and briefly outlines the future directions of study that we intend to pursue. In summary, the structure of this paper has been designed to ensure a coherent and progressive exploration of the topic. Each section builds upon the previous one, enabling a gradual transition from conceptual and normative foundations to empirical findings and policy-relevant conclusions. The design of the study, as illustrated above, reflects the logical flow of our research and provides a clear framework for addressing the strategic targets and achievements of internal public audit in Romania.

## 2. RESEARCH METHODOLOGY

Our research is based on a mixed approach, with a predominant focus on documentary and interpretative analysis. First, a systematic examination was conducted of the normative framework regulating internal public audit activity in Romania, with particular emphasis on the amendments introduced by Government Ordinance no. 29/2022 and Law no. 253/2023. Second, a descriptive statistical analysis was carried out using public data provided by the UCAAPI, concerning the degree of implementation, available human resources, audit activity, and the stage of implementation of the recommendations formulated in 2023 (Figure 2).



**Figure 2. Research methodology framework**

In addition, the research incorporated extensive theoretical documentation based on specialized works, articles published in scientific journals, and official reports on public audit and internal managerial control.

These sources were used to substantiate key concepts, to compare national trends with European orientations, and to support the interpretation of the statistical results. The analytical method employed was predominantly qualitative, aimed at identifying trends, dysfunctions, and correlations between institutional structure, human resources, and the effectiveness of audit activities.

Data processing was carried out through logical interpretation and thematic correlation, with the objective of formulating relevant conclusions for improving the performance of the national internal public audit system.

### **3. THE NORMATIVE FRAMEWORK GOVERNING THE ORGANIZATION AND EXERCISE OF INTERNAL PUBLIC AUDIT IN ROMANIA**

In Romania, the legal framework for internal audit in the public sector was established through Law No. 672/2002 on Internal Public Audit (RP, 2002). This legal act sets out the organizational and functional foundations of internal public audit activity, regulating the establishment and operation of audit committees, interinstitutional cooperation mechanisms, the conduct of audit activities, as well as the system of responsibilities, incompatibilities, contraventions, and applicable sanctions in the field.

Over time, the goal of strengthening the socio-economic impact of internal public audit has remained constant, with efforts directed toward enhancing the functional capacity of this activity within public entities, improving the professional quality of auditors, and consolidating audit structures within associations of local public administration authorities that perform this function under cooperative arrangements. At the same time, emphasis has been placed on ensuring transparency in the use of public funds and on improving evaluation and monitoring processes concerning the establishment and management of the financial and patrimonial resources of territorial-administrative units. In response to these needs, in 2022, the Government introduced significant amendments to Law No. 672/2002 through a Government Ordinance (RG, 2022ab). Among the most important changes was the introduction of the concept of the “organizational and functional framework of internal public audit activity,” defined as the set of measures ensuring the organization and functioning of internal audit through: (i) the approval, within the organizational chart, of an internal public audit department with at least two full-time internal auditor positions,

supported by the necessary financial resources; (ii) the provision of internal audit services by a superior hierarchical authority; (iii) membership in a cooperation system for exercising the internal audit function. Thus, if a public entity ensures internal audit through any of these forms, it is considered to have an organizational and functional framework compliant with legal requirements, which also allows for the application of the sanctioning provisions stipulated in Article 23(a) of Law No. 672/2002 (MFP, 2022).

The definition of the “certificate of attestation” provided in Article 2(e) of the same law was also revised. It is now defined as the document issued by the Ministry of Finance, through the UCAAPI, granting a local public administration association the right to perform the internal public audit function under a cooperation system. Within this framework, the audit activity conducted cooperatively must be uniform, coherent, and compliant with the certification requirements and standards approved by UCAAPI. Furthermore, the definition of a “small public institution” was updated, setting a maximum threshold for annual expenditures at 500,000 lei, calculated over a period of three consecutive years—used as a criterion for classifying institutions within this category. Another noteworthy innovation is the introduction of the concept of “unendorsed recommendations”, defined as those recommendations included in the internal public audit report not agreed upon by the head of the public entity. This clarification was essential to eliminate the confusion previously existing in practice between a “rejected recommendation” and an “unendorsed recommendation.”

Accordingly, a rejected recommendation refers to the disagreement expressed by the audited structure, whereas an unendorsed recommendation expresses the disagreement of the head of the public entity. Consequently, when the head of the entity agrees with a recommendation, even if the audited structure opposes it, the recommendation must be implemented, producing legal and administrative effects for the public entity. Conversely, if the head of the entity does not endorse the recommendation, it must be reported to the superior hierarchical body or to the UCAAPI. The legal act forming the basis of these amendments—Government Ordinance No. 29/2022 on amending and supplementing Law No. 672/2002—was subsequently approved by Law No. 253/2023 approving Government Ordinance No. 29/2022 (RP, 2023). In this context, it is also worth noting the existence of other related normative acts relevant to the field of public internal financial control (RG, 2017; RG, 2013, 2014, 2012ab).

#### **4. RECENT MAJOR AMENDMENTS TO PROVISIONS CONCERNING UCAAPI, INTERNAL AUDIT COMMITTEES, SPECIALIZED DEPARTMENTS, AND AUDITOR CERTIFICATION**

Through a Government Ordinance amending and supplementing Law No. 672/2002 on Internal Public Audit (RG, 2022), a series of essential clarifications and adjustments were introduced, aimed at strengthening the normative framework of internal public audit and increasing its functional efficiency. First, the responsibilities of the UCAAPI were revised to consolidate its role as a methodological authority and supervisory body for compliance with professional standards. UCAAPI thus gains the competence to initiate corrective measures when it identifies non-compliance with regulations, instructions, or the Code of Ethics for Internal Auditors, as well as the obligation to inform competent bodies in cases indicating possible disciplinary breaches. Moreover, the institution has been granted responsibility for coordinating the certification process of associative structures of local public authorities. Consequently, when evaluations identify deviations from professional or ethical norms, these must be reported to the appropriate authorities for the adoption of corrective measures. Through these amendments, UCAAPI acquires an active role in ensuring professional compliance and integrity, as well as in the certification process of associative structures exercising the internal audit function under cooperative systems. Another significant amendment concerns the financial threshold requiring the establishment of an internal audit committee within central public institutions. Thus, when a central public institution records annual expenditures exceeding 2,000,000,000 lei, it is legally required to establish such a committee. In addition, the responsibilities of the committee have been redefined: it must now analyze and issue an official opinion, transmitted

to both the head of the public entity and UCAAPI, regarding the recommendations made—particularly those not endorsed by the management of the audited entities. This opinion must address, on one hand, the potential consequences of failing to implement the recommendations and, on the other, confirm their objectivity, impartiality, and evidence-based nature. Furthermore, harmonization has been achieved between the provisions of Law No. 672/2002 and those of Government Emergency Ordinance (GEO) No. 109/2011 on the corporate governance of public enterprises (RG, 2011), clarifying that the internal public audit structure must be organized under the direct subordination of the head of the entity or, as applicable, the collective management body, to ensure operational and decision-making independence.

Another major amendment concerns the sizing of internal public audit departments. Previously, this was determined mainly based on the volume of activity and frequency of audit missions. The new regulatory framework introduces a more rigorous and analytical methodology, intended to address the chronic issue of under-dimensioning audit structures. According to the new provisions, sizing is now approved by the head of the public entity, based on a comprehensive analysis that takes into account: (i) the total volume of activities carried out by the public entity; (ii) the entirety of activities within the scope of internal public audit; (iii) the average duration of audit missions necessary to cover the entire audit scope; (iv) the frequency of auditing the conducted activities; and (v) the actual time available for conducting audit missions.

We note that through these adjustments, the legislator seeks a realistic correlation between available human resources and audit requirements, ensuring compliance with the fundamental requirement that all public activities must be audited at least once every four years. Table 1 presents other provisions introduced by Government Ordinance No. 29/2022 amending Law No. 672/2002.

**Table 1. Other provisions introduced by Government Ordinance No. 29/2022 amending Law No. 672/2002**

<b>Main amendments / New provisions</b>	<b>Summarized legal effect</b>
Revision of the provision establishing that all activities carried out by a public entity fall within the scope of internal public audit, including those of subordinate, coordinated, or authority-controlled entities.	The internal public audit department must audit them at least once every four years.
Clarification that the objectives stated in the service order are general objectives, along with the introduction of additional provisions defining the specific objectives of the internal audit mission, depending on risks, internal control, and the type of audit.	The auditors' activity is limited to the purpose and general objective stated in the service order; clear, constructive, and well-defined objectives must be ensured.
Introduction of the obligation for the audit team to include in the report the viewpoint of the audited structure and the manner of resolving any divergences.	The report must distinguish between the accepted aspects and those remaining in divergence, which must be justified and endorsed by the head of the internal audit department.
Revision of the provision regarding the transmission of the internal public audit report to the head of the entity, accompanied by the audited structure's viewpoint and the opinion of the head of the internal audit department.	Ensures the complete transmission of the report, including all related opinions, for endorsement.
Introduction of a new rule specifying a 30-working-day deadline for analyzing and approving the audit report; if this deadline is not met, the recommendations are deemed unendorsed.	Establishes a clear deadline and the legal effect of failing to endorse the report within that period.
Revision of the provision stipulating that both endorsed and unendorsed recommendations must be communicated to the audited structure.	Ensures full transparency in communicating the recommendations resulting from the audit.
Replacement of the individual certification of internal auditors with the certification of associative structures of local public administrations responsible for ensuring audit performance within a cooperative system, along with the establishment of criteria for obtaining and maintaining the certificate of attestation.	UCAAPI conducts periodic evaluations; the certificate is withdrawn if the established criteria or conditions are not met.
Establishment of the methodology for determining the size of internal audit departments within associative structures: a minimum of two positions, plus one additional position for every five territorial administrative units (TAUs) exceeding the threshold.	Ensures appropriate sizing and coverage of the audit area at least once every four years; the certificate of attestation is

	issued within three months if all conditions are fulfilled.
Introduction of the obligation for the head of the internal audit department to prepare an annual professional training program and to monitor its implementation.	Strengthens the continuous professional development of internal auditors.

Source: Authors' elaboration based on: [RG, 2022ab](#)

At the same time, for associative structures of local public administrations exercising the internal audit function under a cooperative system, the obligation was introduced to obtain the certificate of attestation within a maximum of nine months from the date of approval of the methodology governing its issuance. Simultaneously, the normative act specifies the criteria and conditions that must be met for the certificate to be granted. Naturally, failure to fulfill this obligation within the established timeframe automatically results in the termination of the cooperation agreement's validity, which in turn makes it impossible for the respective associative structure to continue internal audit activities under the cooperative system.

## 5. UCAAPI STRATEGIC DOCUMENTS AIMED AT THE DEVELOPMENT OF INTERNAL PUBLIC AUDIT

The development of the public internal financial control system in Romania, in line with internationally recognized principles and concepts, is based on its implementation within public entities in order to ensure effective mechanisms for managing public funds and administering public assets, including funds originating from EU resources. At the core of this system lies the organization and independent functioning of internal public audit, as an essential element of public governance architecture. Its role is to guarantee that internal managerial control systems are adequate, functional, and capable of preventing or mitigating errors and fraud. From the perspective of strategic documents in the field, their fundamental purpose is to assess the current stage of organization and operation of internal public audit, based on a rigorous diagnostic analysis, and to establish short- and medium-term development directions for this function ([MFP, 2017](#)). Typically, such a strategy is accompanied by an Action Plan, which includes concrete and phased measures over a medium-term horizon, designed to support the implementation of strategic objectives.

Conceptually, the mission of internal public audit is to evaluate and improve the efficiency and effectiveness of risk management, control, and governance processes, thereby contributing to strengthening the capacity of public institutions to achieve their established objectives. This activity is carried out in a systematic and methodical manner, providing a solid basis for managerial decision-making.- Through its assurance and consulting activities, internal audit adds value to the operations of public institutions and supports their management in maintaining an effective and efficient internal control system. In this regard, audit activities assess the reliability of information, the efficiency and effectiveness of operations, the management of public funds and assets, as well as the degree of compliance with applicable laws, regulations, and contracts.

The general objective of internal public audit is to assess the effectiveness of risk management systems, the functionality of internal control, and the governance processes, with a focus on how public funds are constituted and used, and how public assets are managed ([MFP, 2017](#)). The essential aim is to determine whether these systems function appropriately and contribute to the achievement of institutional objectives. This general objective is achieved primarily through: (i) Assurance activities – objective examinations of evidence carried out to provide an independent assessment of risk management, control, and governance processes; (ii) Consulting activities – actions intended to add value and improve governance processes within public entities, without the internal auditor assuming managerial responsibilities.

Referring to the current stage of internal public audit implementation, according to nationally reported data, regardless of the category of budget holder (primary, secondary, or tertiary), there are 13,601 institutions legally required to organize the internal public audit function ([UCAAPI, 2024a](#)).

Of these, 12,285 entities have effectively established this function, representing an implementation rate of 90.3%. The distribution is as follows: (i) 1,462 entities have established their own internal public audit structures (a total of 1,523 structures, including 61 operating under a cooperative system); (ii) 5,213 entities ensure the audit function through their superior hierarchical body; (iii) 5,610 entities perform this function under a cooperative system. As the law now prohibits the outsourcing of internal public audit to third parties, in 2023 no cases were reported in which the internal public audit function was provided through service contracts. Among the 1,523 entities with their own structure, three conduct audits under a protocol with UCAAPI, while data for another three entities were not statistically processed.

A diagnostic analysis of the evolution of internal public audit allows us to observe that, prior to the COVID-19 pandemic, based on the evaluation of the internal and external environment of the field—as well as the impact of audit on the constitution and use of public funds—the main strengths and weaknesses, along with the opportunities and threats, were identified. These elements were synthesized within a SWOT analysis (Figure 3), intended to substantiate the directions for strengthening the audit function and the corrective actions required to reduce systemic vulnerabilities.



**Figure 3. Comprehensive SWOT analysis of the internal public audit function**

Source: Authors' elaboration based on: [MF, 2017](#)

Regarding the objectives and activities to be implemented, it is noted that the Strategy for the Development of Internal Public Audit in Romania for the period 2021–2024 ([MFP, 2020](#)) establishes as its main strategic objective the establishment and consolidation of the internal public audit function within public entities. To achieve this objective, the strategy outlines a set of priority activities, among which the following stand out: a) the development of the regulatory framework necessary for authorizing associative structures of local public administrations that perform the internal audit function under a cooperative system; b) the revision and updating of existing legislation in the field of internal public audit, with the aim of strengthening this function across all public entities.

The strategy provides the foundation for the development and consolidation of internal audit in the public sector during 2021–2024, with the ultimate goal of improving the management system of public entities ([MFP, 2020](#)). To this end, it seeks to enhance the national internal audit system and strengthen the audit structures within public institutions, ensuring that they operate efficiently and uniformly. The implementation of the Strategy for the Development of Internal Public Audit is aimed at achieving long-term results, including: (i) adequate planning of available audit resources, in line with the volume and complexity of public activities; (ii) continuous professional development of staff involved in internal public audit activities; (iii) increased confidence in the role of internal audit as an essential instrument of sound financial management; (iv) consistent implementation of internal public audit methodologies and the use of the most modern audit tools and techniques.

Before addressing elements related to institutional mission, it is essential to emphasize that internal public audit represents a permanent function within public entities. Through activities carried out with objectivity, independence, and professionalism, it adds value to organizational processes and contributes to their effectiveness. Internal audit supports the management of public entities in maintaining an adequate internal control system by assessing the efficiency, economy, and effectiveness of operations, the management of public funds and assets, the reliability of information, and compliance with legal regulations.

In this context, the mission of the UCAAPI is to support, coordinate, guide, and evaluate internal public audit structures in Romania, in order to optimize their organization and functioning and to facilitate the achievement of internal public audit objectives at the level of each entity. At the same time, UCAAPI plays a consultative role for the managers of public entities regarding the efficient use of the internal audit function, ensuring that it is optimally integrated into the decision-making and management process.

With regard to its strategic vision, it is based on ensuring a high level of quality in internal audit activities through a deep understanding of the challenges faced by public entity management — both in terms of the efficiency and effectiveness of existing systems and their adaptation to public administration reform processes. As internal auditors formulate relevant, objective, and well-founded recommendations and opinions, the level of managerial confidence in the effectiveness and utility of the internal public audit function will increase significantly. Consequently, the role and importance of internal audit will be increasingly recognized by the top management of public institutions, while the core values underlying the development of internal public audit remain: independence, objectivity, professional competence, and confidentiality. From a strategic framework perspective, the Strategy for the Development of Internal Public Audit is structured around four main development directions, referred to as perspectives. Each perspective includes specific requirements that represent corresponding courses of action.

Together, these perspectives and their associated directions form the functional strategic framework within which the strategic objectives of internal public audit are defined (Figure 4).



**Figure 4. Perspectives on the strategic development of internal public audit**

Source: Authors' elaboration based on: [MFP, 2020](#)

In this context, one or more strategic objectives may be established, each of which is to be achieved through the implementation of one or more action directions corresponding to the perspectives defined in the strategy. Thus, the perspectives, together with their component elements, provide an integrated vision of the correlations among UCAAPI's strategic objectives and of the concrete manner in which these objectives can be achieved. The entire strategic framework is

designed in coherence with the corresponding action plan, which details the stages, resources, and responsibilities associated with the implementation process (Table 2).

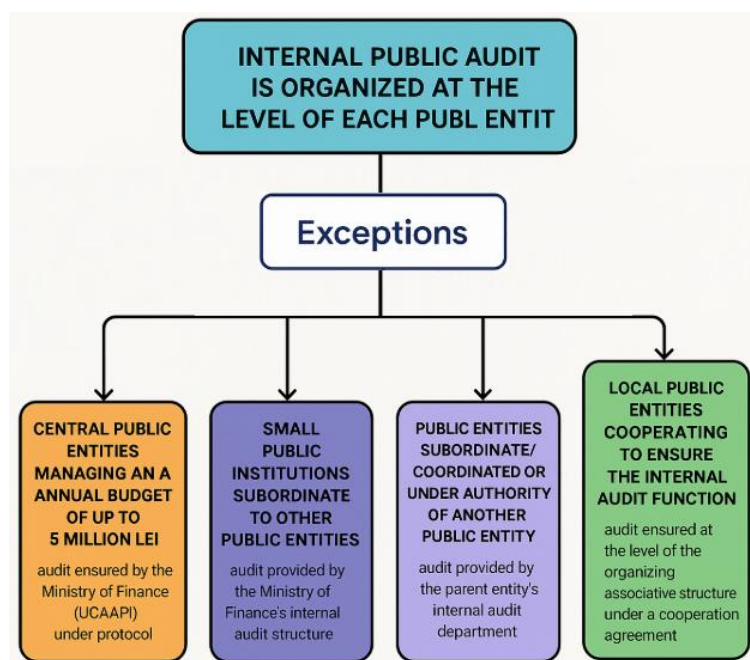
**Table 2. Strategic Plan – Development of the internal public audit function in Romania (2021–2024)**

Strategic objectives (UCAAPI 2021–2024)	Action directions	Activities required from UCAAPI	Implementation Year/Period (2021–2024)
Strategic Objective 1 – Establishment and strengthening of the internal public audit function within public entities	Development of internal audit under a cooperation system	Drafting the legal framework for the authorization and functioning of organizing entities	2021, 2022
		Preparation of a 'Manual for Management on the Establishment and Use of Internal Audit'	2023, 2024
	Existing audit function at the level of public entities	Notifying the management of public entities regarding the obligation to establish the internal audit function	2021–2024
		Operationalization of the sanctions provided by law	2021
		Identification of alternatives for organizing internal audit at central public entities	2024
	Adequate relations with the internal audit structures within the DGRFPs (Regional General Directorates of Public Finance)	Updating OMFP No. 768/2003 or identifying new solutions regarding the delegation of responsibilities	2021, 2022
	Management awareness	Preparation of a 'Manual for Management on the Establishment and Use of Internal Audit'	2023, 2024
	Evaluation of internal audit activity	Identifying solutions to ensure periodic compliance with audit requirements	2021–2024
	Proper sizing of audit structures	Notifying the management of public entities to ensure adequate staffing of internal audit structures	2021–2024
	Adequate regulatory framework	Issuing an instruction on the sizing of internal audit structures applicable to public entities that have their own internal audit units	2022
Strategic Objective 2 – Improvement of coordination and monitoring of the internal public audit system at the national level	Unadopted recommendations	Developing an instrument to explain the differences between accepted and unadopted recommendations	2021
	Adequate relations with internal audit structures within DGRFPs	Updating OMFP No. 768/2003 or identifying new solutions regarding delegation of responsibilities	2021, 2022
	Management awareness	Preparation of a 'Manual for Management on the Establishment and Use of Internal Audit'	2023, 2024
	Annual reporting of internal audit activity	Issuing an instruction for annual reports in digital format	2023, 2024
	Evaluation of internal public audit activity	Identification of solutions to ensure compliance with audit periodicity	2021–2024
	Guidance and counseling of internal public audit structures	Organizing sessions for guiding internal audit structures; Evaluating and analyzing internal audit reports submitted to UCAAPI	2023, 2024
	Professional training of internal auditors	Organizing training programs and competence transfer workshops	2024

Source: Authors' elaboration based on: [MFP, 2020](#)

## 6. OPERATIONAL PARAMETERS OF INTERNAL PUBLIC AUDIT REFLECTED IN THE CENTRALIZED REPORTS AT THE UCAAPI LEVEL

The functioning of internal public audit refers to the manner in which internal audit activity is ensured within public entities. Thus, the internal public audit structure is organized at the level of each public entity, as a mandatory requirement established by the responsible authorities. The regulated exceptions that exist are illustrated in Figure 5.



**Figure 5. Regulated exceptions regarding the organization of internal public audit within certain public sector entities**

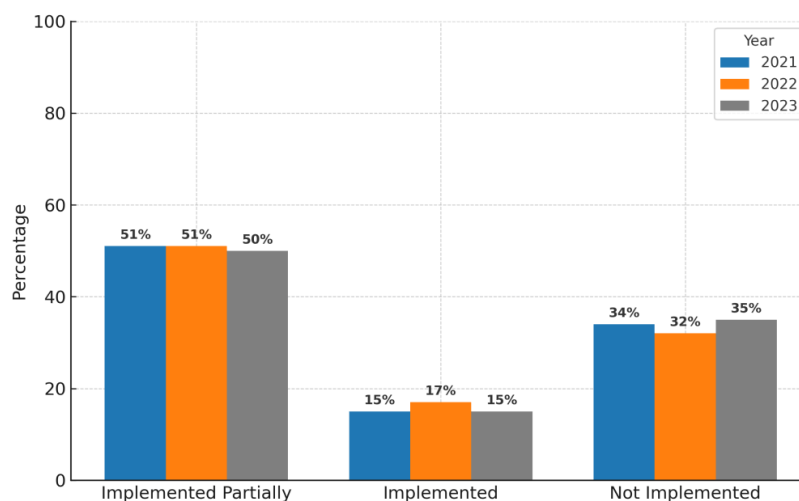
Source: Authors' elaboration

It should be noted that central public entities managing an annual budget below a certain threshold and which have not established an internal public audit department have their internal audit function ensured by the Ministry of Finance, through UCAAPI, based on a protocol. For the year 2024, the reference threshold is 6,632,910.38 lei (MFP, 2025). A particular aspect of the organization and functioning of internal public audit is the situation in which this function is exercised through the superior hierarchical authority, rather than directly by the respective public entity. In such cases, the internal public audit structure of the superior body is responsible for conducting audit missions at the level of the subordinated entity, ensuring, in accordance with legal provisions, full coverage of the auditable area within a maximum period of four years. According to current regulations (RG, 2022), this four-year period may be extended by no more than one year, based on a justified proposal submitted by the head of the internal audit structure. Consequently, if no audit mission has been carried out within a subordinated entity during the last four years, it is considered that—although the internal public audit function has been formally established—it is not operational. It should be noted that the degree of functioning of internal public audit is determined as the percentage ratio between the number of entities in which the audit function operates effectively and the total number of entities legally required to maintain an operational internal audit structure.

At the level of central and local public administration, according to available statistical data, there are 13,601 institutions legally obliged to maintain a functional internal public audit structure, in compliance with national legislation (UCAAPI, 2024abc). Analyzing the level of functionality of internal public audit structures reveals a significant disparity between entities fulfilling this legal requirement and those failing to ensure effective functioning. Thus, from the total number of public entities evaluated: (i) 10,798 entities have established an internal public audit structure that is fully operational, corresponding to a functionality rate of approximately 79%; (ii) 2,803 entities (around 21%) are in a situation where the internal public audit function is non-functional, of which 1,487 have formally established the audit structure, but it is not operational, and 1,316 have not established the function at all, which implicitly means its non-existence. Among the 1,487 entities where internal public audit is established but non-functional, the detailed situation is as follows (UCAAPI, 2024abc): 198 are main budget holders, and 1,289 are subordinate entities. The analysis of these data reveals that dysfunctionality is particularly prevalent among subordinate entities, caused by several structural

and institutional factors: (i) insufficient human and financial resources allocated for the proper functioning of audit departments; (ii) lack of consistent attention from certain entities regarding the organization of competitive recruitment procedures and the filling of vacant internal auditor positions; (iii) inconclusive results of recruitment competitions, with many positions remaining unfilled; (iv) legislative restrictions imposed in 2023 on the filling of public administration positions, which further limited recruitment opportunities.

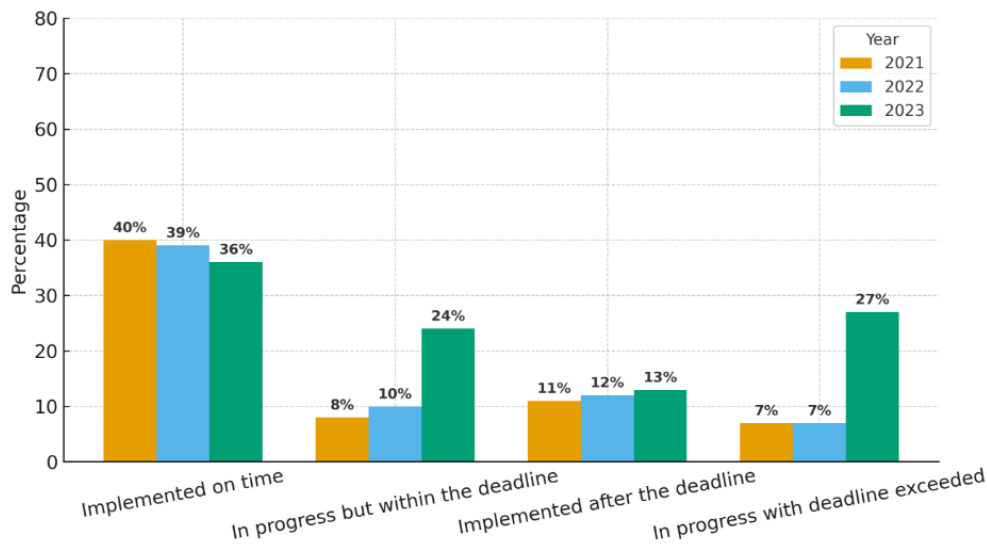
Regarding the financial report, it represents a synthesized document on the formation and use of funds related to the organization and operation of internal public audit structures within the cooperative system. The majority of structures (88%) submitted this information to UCAAPI, while 12% failed to report the requested data. As for the monitoring of the implementation of audit recommendations, an essential activity reflecting the real impact of internal public audit, it was found that in 2023, at the level of public administration, a total of 109,561 recommendations were tracked, of which: (i) 54,548 (50%) were fully implemented; (ii) 16,256 (approximately 15%) were partially implemented; (iii) 38,757 (about 35%) remained unimplemented. The evolution of these indicators, compared with the years 2021 and 2022, is presented in Figure 6, highlighting general trends regarding the capacity of public entities to translate internal audit recommendations into practice.



**Figure 6. Evolution of the implementation stage of recommendations at the national level**

Source: Authors' elaboration based on: [UCAAPI, 2024abc](#)

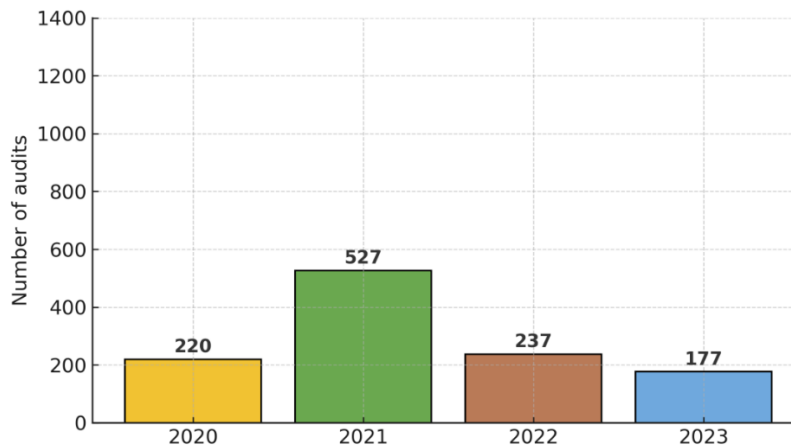
Regarding compliance with the implementation deadlines for the total of 109,561 recommendations, the situation within public administration is as follows: (i) 39,907 recommendations implemented within the deadline (36%); (ii) 25,871 recommendations currently being implemented, still within the deadline (24%); (iii) 14,641 recommendations implemented after the established deadline (13%); (iv) 29,142 recommendations currently being implemented, but past the deadline (27%). Figure 7 presents the evolution of the structure of implemented or partially implemented recommendations at the national level during the 2021–2023 period.



**Figure 7. Evolution of the structure of implemented or partially implemented recommendations at the national level (2021-2023)**

Source: Authors’ elaboration based on: [UCAAPI, 2024abc](#)

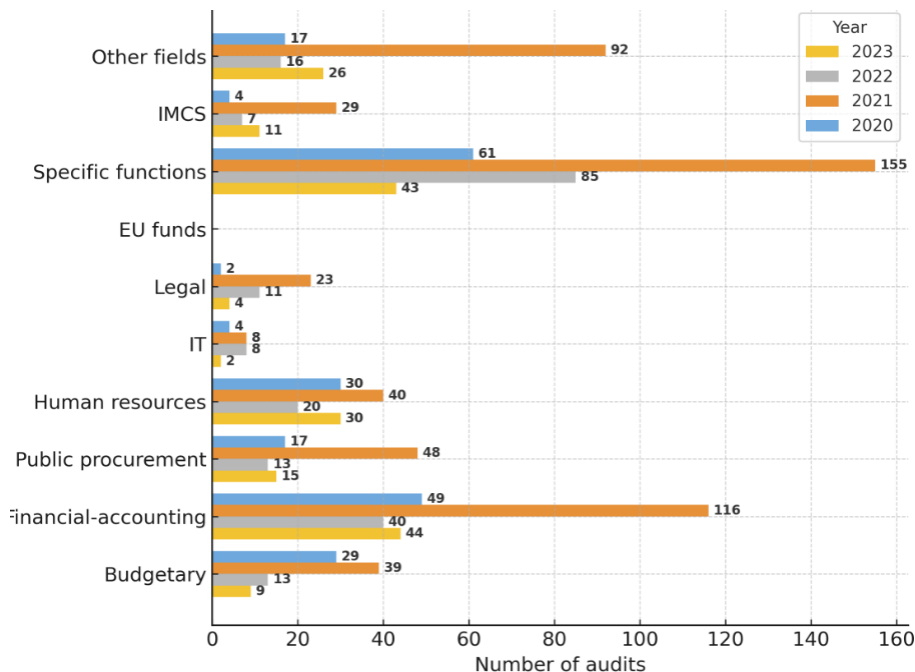
During 2023, a particular situation was reported regarding recommendations not endorsed by the management of certain public entities within the public administration. The case was recorded at an entity subordinated to the Ministry of Agriculture and Rural Development (MADR), in which context the procedure for reporting unendorsed recommendations to the internal public audit structure of the superior hierarchical body was applied, in accordance with the legal provisions in force. Also, in 2023, across the entire Romanian public administration, 177 cases of irregularities were reported, most of which were identified in the areas of financial-accounting functions and public procurement. The evolution of these irregularities detected at the national level during the period 2020–2023 is illustrated in Figure 8, providing a comparative overview of trends and of the areas with a high degree of vulnerability in terms of compliance and sound financial management.



**Figure 8. Evolution of the number of irregularities identified at the national level**

Source: Authors’ elaboration based on: [UCAAPI, 2024abc](#)

Figure 9 illustrates the evolution of the number of irregularities identified by field of activity.



**Figure 9. Evolution of the number of irregularities identified by field of activity**

Source: Authors’ elaboration based on: [UCAAPI, 2024abc](#)

Regarding the human resources allocated to internal public audit structures within public administration ([UCAAPI, 2024abc](#)), as of December 31, 2023, a total of 3,613 positions were assigned to this function. Of these, 2,758 positions were filled; however, 124 employees were not effectively performing internal public audit activities, being in various administrative situations such as secondment, suspension, maternity leave, or other forms of temporary absence. Consequently, at the end of 2023, the actual number of active auditors performing internal audit duties was 2,634, while the number of vacant positions stood at 855. In total, 979 positions were classified as non-functional, either due to vacancies or the temporary suspension of the incumbents’ activity (e.g., suspended employment, medical or maternity leave, secondments, or temporary transfers).

The analysis of the distribution of positions by hierarchical level reveals the following structure ([UCAAPI, 2024abc](#)): (i) Management positions are filled at a rate of approximately 84%, out of a total of 267 allocated positions, indicating a deficit of 44 auditors at this level. Among these, 37 positions are vacant, and 7 are occupied by individuals who, at the time of assessment, were not performing internal audit duties (due to administrative reasons such as leave or secondment); (ii) Execution positions are filled at a rate of about 72%, out of a total of 3,346 allocated positions, reflecting a deficit of 935 auditors. Of these, 117 positions are filled without the performance of specific audit duties (suspended employment, leave, secondment), while 818 positions remain vacant.

This situation highlights the persistence of a significant structural deficit of qualified personnel in the field of internal public audit—an issue that directly affects the capacity of public entities to ensure full and effective coverage of the auditable area.

## 7. CONCLUSIONS

Over the past decade, internal public audit in Romania has undergone a clear process of institutional maturation, progressing from the stage of establishment to that of functional consolidation. Today, it represents not only a mechanism for verifying compliance and the efficient use of public funds, but also a genuine advisory partner for institutional leadership. The revisions to the regulatory framework — introduced through Government Ordinance No. 29/2022 and Law No. 253/2023 — have redefined the governance architecture, strengthened the role of UCAAPI, and introduced clearer rules for structural sizing, ensuring that the entire auditable sphere can be covered within a maximum cycle of four years. These new regulations aimed not only at methodological standardization, but also at increasing managerial accountability, particularly through the establishment of audit committees within entities managing significant annual budgets. Nevertheless, the data analyzed reveal a significant discrepancy between formal compliance and actual system functionality. Although 90.3% of the 13,601 public entities legally required to establish an internal audit function have done so, only about 79% actually perform audit activities. This indicates that more than one-fifth of entities maintain non-functional or non-existent audit functions, particularly among subordinate structures. Consequently, risk coverage and the quality of public governance are affected by the uneven application of audit principles.

The 2023 results also reveal substantial audit activity, albeit with partially limited effectiveness during the implementation phase of recommendations. Out of more than 109,000 recommendations issued, only half were fully implemented, while 15% were partially implemented and 35% remained unimplemented. Only 36% of all recommendations were completed within the established timeframe — a clear indication that the “ownership” and “timely implementation” stages remain the weakest links in the audit–management chain. Thus, while internal audit consistently generates added value through its findings and recommendations, the final effectiveness of the process depends heavily on the actual responsiveness and action of the audited entities’ management.

Another systemic issue is the shortage of human resources. At the end of 2023, 3,613 internal audit positions were allocated nationwide, of which only 2,758 were filled and just 2,634 auditors were actively performing audit duties. This shortage of qualified personnel — especially at the execution level — limits the system’s capacity to cover the full audit scope and delays monitoring and reporting processes. In the absence of a coherent recruitment, continuous training, and retention policy, the system’s performance risks stagnation. The 177 cases of irregularities reported in 2023 — mainly in the financial-accounting and public procurement areas — underscore the persistence of traditional high-risk domains, which require enhanced thematic oversight. These sectors remain vulnerable, and internal audit must increasingly assert its role as a preventive instrument and as a calibrator of institutional risk appetite.

Overall, it can be stated that the current legal framework provides solid foundations for developing a coherent and results-oriented internal audit function. However, the key to success lies in transitioning from the mere formal existence of audit structures to their effective operation and tangible impact generation. The standardization of practices, the reduction of the gap between compliance and performance, the strengthening of audit committees, and the provision of sufficient and well-trained human resources are essential conditions for internal public audit to fulfill its mission.

Moreover, managerial discipline in implementing recommendations, risk-based prioritization of audit missions, and the use of modern data analysis technologies are becoming critical efficiency factors. By consolidating these directions — complemented by transparent and periodic performance monitoring — internal public audit can evolve into a genuine instrument of modern governance,

capable of reducing irregularities, enhancing institutional accountability, and strengthening public trust in the management of state funds and assets.

## 8. RESEARCH LIMITATIONS

The analysis conducted is based on a combination of documentary, legislative, and academic sources, including specialized works and recent articles in the field of internal public audit. This approach enabled a solid theoretical foundation and a rigorous interpretation of the statistical data provided by UCAAPI; however, the research did not include a direct empirical investigation, either qualitative or quantitative, at the level of auditors or public entities.

Moreover, the analyzed data were drawn from official reports, which may be subject to delays or methodological inconsistencies. Therefore, the results should be interpreted within the specific institutional context of Romania and not automatically extrapolated to other systems.

Despite these limitations, the study provides a relevant perspective on the evolution and performance of internal public audit, serving as a useful foundation for future applied or comparative research.

## 9. FUTURE RESEARCH DIRECTIONS

In future research, the authors intend to deepen the analysis of the internal public audit function through direct empirical methods, such as surveys and interviews conducted with auditors and public managers, in order to capture perceptions regarding the efficiency and real impact of audit activities. Furthermore, the study should be expanded to a European comparative perspective and explore the potential of digital technologies—particularly artificial intelligence and data analytics—in transforming audit into a predictive and strategic tool.

Thus, future research could contribute to strengthening the connection between audit, governance, and public accountability, offering a modern perspective on institutional performance.

## AUTHOR STATEMENT ON AI USE

The authors declare that AI-based tools (ChatGPT-5) were employed solely for assistance in language editing, style improvement, translation verification, text refinement, and illustration enhancement, under the full supervision of the authors. The entire content has been thoroughly reviewed and finally approved by all authors of the paper.

### Acknowledgments

The authors would like to express their gratitude to the anonymous reviewers for their efforts to improve the quality of this paper.

### Conflicts of interest

The authors declare no conflicts of interest.

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