MANAGING RISK AND INTERNAL AUDITING

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ABSTRACT

The study aims to demonstrate the role of internal audit as a pillar of support for management. The paper will present how the internal audit helps the organization to achieve its objectives by evaluating, through a systematic and methodical approach, its risk management processes, control and governance by formulating proposals for enhancing its effectiveness. In the present study are made on the conceptual concepts of internal control and internal audit highlighting the significance and role of internal audit in providing advice, counseling feedback strands within an organization. It is discussed in this paper and delineation of objectives and scope of activity of internal audit and internal public audit. During much attention is paid to the work of internal audit planning as it appears from research and case studies that incorrect or incomplete planning leads to a loss of risk-bearing activities. The practice requires careful selection of activities in high risk areas audited, based on the risks associated with these activities. It follows from the analysis of economic and financial and administrative practices of firms, the performing case studies, the effectiveness of internal audits is expected if we apply a risk management policy. Therefore in the paper, which thus completed the theoretical component applied this policy are outlined objectives, criteria for risk assessment, a model of analysis and evaluation of risk (resulting from the analysis of international good practice) guidelines for establishing criteria for prioritization risk identification procedure and risk analysis, risk assessment methodology for the preparation of internal audit plan.

Keywords: *Internal audit, Risk management, Change management, Audit planning, Behavioral mechanisms.*

1. INTRODUCTION

In appropriate economic policies, better science-based and realistic, and in particular the role of internal audit based on risk management becomes significant, very important in any organization. The problem addressed in this paper is contextualized in the current economic situation (economic and financial crisis) in which company management must become more efficient to keep the companies afloat, to support them to survive at least, if we can not produce higher profit. The financial crisis and reduce all types of costs need to reduce costs of carrying out financial audits (external audits, third party) determined the organization, as revealed by internal audit standards approved by Decision of the Chamber of Financial Auditors Romania nr. 88/2007 by assimilation with internal audit standards issued by the Institute of Internal Auditors Communication - IIA - International Development Authority of best practices in the field) to organize their own audit departments, audit national, aware of the impossibility of giving up their own consultancy and assessment functions of internal audit.

This study aims to demonstrate:

1. That internal audit is a condition sine qua non for an effective and efficient management;
2. designed and conducted internal audits based on risk analysis is most relevant and effective form of audit;
3. Between risk assessment and management, change management is a bi-univocal interdependence. The management of change is a constant internal audit, which assesses the reliability of internal control systems and keep updated the "geography" risk entity, which may be a starting point for any further analysis;
4. Flexible and dynamic nature of the phenomenon of internal audit (it is always the fact that people change, procedures change, organizations change, so the risks are changing and therefore internal audit is condemned to a permanent adaptation new conditions).
5. Organizing control system is the answer to the emergence of risk management activities associated entities.

It will be used in research aimed at demonstrating the above assumptions:

a) Culture is essential for good internal control effectiveness of the internal audit function;

b) The relationship and dialogue between auditor and assessor works flawlessly and shows that both partners are aware of the internal control culture, which is essential for developing control environment and internal audit function. If, by contrast, knows nothing about the audited internal representing the internal auditors perceive them as some agents who squander their time, and the climate of cooperation, so necessary, is unlikely to occur. Internal auditors are well aware how effective their actions when the audit work-audited known as easy to understand, the two partners working together and success is assured. Most risks are identified only by communication, whether formal (documents) or informal (telephone).

c) The realization that any entity is at risk (which may risk the functioning of the organization itself, risks of each activity, but also external risks). Some risks are acceptable and inherent, but others are unacceptable. To avoid unacceptable risks as far as possible and to keep an acceptable risk tolerance level, organizations create internal control systems, especially the internal audit.

d) Specific advice complex nature of the internal audit function, which comprises:

- Advice by identifying barriers, the causes, determining consequences, offering solutions;
- To facilitate understanding: by providing additional information for knowledge organization and functioning of their subsystems;

e) Training and professional development: courses and seminars on financial management, risk management and internal audit.

2. LITERATURE REVIEW

Because risk management is an important but complex process of scientific approach to risk research in this area are multiple and can be classified in the sub-areas of scientific research. Specialists in the field concerned with states that establish and monitor internal audit systems are the responsibility of the entity that retained a key manifestation of the concept of modern management theory and practice, responsibility (Mircea Boulescu, 2004). For the private sector, internal audit activities cover all economic entity, each of them individually or collectively, may be the weak link in the chain that affect the performance of procedural goals in an efficient entity. For the public sector, internal audit is focused on what has influence on the proper administration of public revenues and expenditures (Dan Mavrodin, 2008). Risk Identification is the first and most important phase of risk management process, it consists in identifying potential hazards that exist within the entity. Specialists in the field (Ghita, 2004) shows concern about the working methods such as questionnaires or lists of questions, catalogs or lists of hazards, quantitative and qualitative analysis methods for identifying hazards. Techniques used to identify the risks are strategic and operational leaders interviewed the survey and questionnaire, brainstorming on activities or departments, organizing focus groups (discussion groups, coordinated by a dedicated moderator for achieving goals set in advance), comparisons, groups, verification was. In June 2000, he published Les Mots d'IFAC auditing standard operation no. 2110 internal audit to establish a risk assessment methodology, which requires the following phases:

- Identification of auditable operations;
- Identifying threats, risks inherent in auditable operations;
- Establishing criteria (factors) risk analysis and assessment of levels their
- Establish criteria for assessing the risk level;
- Determining the total risk score;
- Classification of operations into three major categories: operations risk level associated large, medium or small;
- Hierarchy of operations that have environmental risks and higher level in order decreasing the risk scores;
- Developing the theme selected audit objects in detail.

The practice results that never risks can not be fully assessed. The current phase is an imperative that could be termed as state Ghita (2004) "management responsiveness, the need to track changes to diagnose or science, to judge the changes and their associated risks affecting the organization". There are concerns and papers concerning the quantitative and qualitative methods of risk analysis. Serbu (2002) highlighted the importance and relevance of such methods. The researchers also are highlighted concerns about the significance of risk in financial decision, George (2002) states that the financial perspective, tackling risk "... no torque can be achieved only two axes of analysis: profitability - risk "(George, 2002) financial equilibrium notion makes sense only within this duality: return - risk. The risk associated with profit can be analyzed from two perspectives:

- The company that animated the intention of increasing profit organization;
- Investors interested in achieving the best investment, financial market conditions in several sectors of return and different risk levels.

Regarding exposure to public institutions and the relationship between rational and irrational in the work in the literature (Prunea, 2003), it requires more than the idea that "reality is not rational". This is not so much because it establishes the principle act of "limited rationality" as a consequence of the fact that decisions can not take on a complete information, which is otherwise very expensive and almost impossible to obtain in a timely manner. In the literature, Le Meryen Saget (1999) argues that speeding up the transformation of organizations, from the structural modification of their products and continuing with major changes in the conceptual plan and act in the adoption and implementation of decisions, create and generate a "formidable detonator irrational ..." whose main exponent is present everywhere in life stress and activities. In these circumstances, it is not difficult to see that between the plateau and emotional connotation of irrational decisions and actions within organizations gradually formed a relationship stronger. More and more major concerns and are reported in the literature (Prunea, 2003), on the emotions generated by the growing stress and uncertainty caused by the increasing problems emphasized in the organization, and have resulted in an incredible expansion of non-logic elements (intuition). Management organizations should be aware of this reality and to initiate this trend, with more intelligence, logical steps necessary to maintain the organizations that drive them to performance standards designed by applying the principle that "Like any other resource and emotional element to be managed" (Prunea, 2003). It is essential to know that the rational and the irrational is a dialectical relationship, and organizational management activity should not oriented in the direction of suppressing the irrational (and utopian attempt doomed to failure from the beginning), but maintaining a strong balance between functionality as event organization and orientation of subjectivity in a creative direction. The question that arises at this point and is trying to get a response throughout the paper is: which plan is more important and has the highest priority: the rational and the irrational? It found that there is no question of such disputes, but that of a positioning function of time, place and particular solution. In most cases, rationality prevailed in the early stages (forecasting, planning, organization, stating the mission and performance standards that can not be left to the mercy of chance or of the emotional factors). In other situations, the role of rationality is to provide incentives, balance and individual training, the sub-components of endogenous and exogenous processes and organizational relationships, and to prevent tolerated deviations from the parameters defined and the project classification. Reality organizations do not cease to surprise us, unfortunately, by an expansion of the irrational worrying, particularly in the management process which, logically, should be dominated by rationality plateau. Other experts such as Fukuyama and Trust (2000) advances the idea that one would expect that in the context of constraints arising from the specific socio-economic organizations, their management to behave rationally and react rationally to stimuli coming from the most important internal and external environment, without expecting that every time you make a decision to be rational, because "those who seek to be sensible every time they make a rational choice are not; If so, they would consume life making decisions about the most trivial matters "(Fukuyama, 2000). Therefore rational occurs sequentially, with the irrational in managing organizations. In the literature, a frequently discussed topic has been on risk factors, one of the risk factors addressed is that of certainty and uncertainty in organizations (Hofstede, 1996). The uncertainty in the organization has evolved sinuous feature certainty condition of excessively centralized system of allocation and use of resources, the uncertainty that characterizes the current socio-economic environment, domestic and international, achieved amid Map backwardness of modernization of these organizations in comparison with the more rapid development of other economic organizations in rural social. State variables resulting from the manifestation of relations between its constituent parts and the whole of the heritage conservation and functional value. Development is the purpose of the event variables state variables, their expression is reflected and materialized as the degree of attainment of performance targets set. The degree to which management controls the organization of these variables depend on its performance and adaptability. Legal and effective management of the state variables and the development involves the use of a circuit performance information on which to base decisions as rational. In such a situation in which there is information flow and timely produce information needed for the decisions we are talking about this certainty. At the opposite end positions in situations where the decision maker does not have the information in a timely manner as necessary to support the decision and may not accurately predict the impact of applying their own decisions. This is the uncertainty. It is argued that the conditions in which "basically boils down to a feeling of uncertainty" (person or group) (Hofstede, 1996). Its size directly and indirectly influences performance organizations. Thus, directly, the uncertainty of not knowing the exact cause of the development organization in a foreseeable time horizon, the way that will ensure the financial funds necessary for the operation and in what proportion, to achieve solutions to ensure human and material resources necessary operation. Indirectly alter yield uncertainty in the work (generating an unbearable anxiety) or act as a powerful mobilizing factor in increasing knowledge and enhancing creativity in conditions of certainty and security structures, employment and general socio-economic environment predictable.

3. PAPER CONTENT

3.1. Relationship management internal audit

Managers' responsibility for decisions and actions and results for all subordinate staff - both domestic and foreign - require them to establish and monitor internal control systems to provide assurance that the results are expected and the applicable is satisfied. Management and results of the entity, in terms of efficiency and effectiveness, both in economic (profit loss), as well as socially (to make incriminating attributes central state and local authorities) concerning the top management of the entity, vested with appropriate authority. Audit location, positioning it as a pillar of support for management decisions and actions can be facilitated by reading the following synthesis schemes managerial functions .Internal audit, by nature of its activities, aims to help all these issues by indicating the entity risk and potentially negative consequences of high impact, improve management systems and risk control, efficiency and effectiveness by maintaining and enhancing their quality control (determining the appropriateness of criteria for evaluating controls for achieving objectives), the recommendations provided for improving the governance process. For Romania, as the legal framework applicable to public entities, internal control consists of all forms of control exercised at the entity level, including internal audit, established by management in accordance with its objectives and legal regulations in order to provide funds in economic management, efficient and effective, it also includes, organizational structures, methods and procedures. However compared to the results that the internal control, entity management aims at achieving the overall objectives by meeting certain objectives (quality of reporting, protecting assets, compliance), ensuring that holds authority and control over all activities, for which purpose it implements Make a set of functional elements (organizational structures, methods, procedures, plans, specifications, policies). Establishing and monitoring internal control systems are used against the entity's management as a key manifestation of the concept of modern management theory and practice, responsibility (Mircea Boulescu, 2004). Responsibility managers covers two major segments in respect of work performed and the area of (re) presentation of results: internal (from business owners, depending on the degree and manner of fulfilling the duties of the job description) and external (to the authorities, depending on the degree and manner of compliance of legislative activity, performance, with consequences in the sense of community and environmental implications, and reporting). Maintaining a system of internal control is the guarantee of continuity of the line performance by providing process rigor developed by the entity, how to achieve employment activities in accordance with the procedures and instructions retained formally validated, redefining goals, appropriate allocation of resources and the establishment and development of organizational systems and adequate information. Once again, it is estimated that implementing and maintaining internal audit system - the acceptance of its systemic held for a role of defining and monitoring specific process inputs and outputs of each entity and the connection between processes, through the framework of order values quality, effectiveness, efficiency, economy, and the narrow interpretation, reducible to the general sense, that designates a verification activity effective way demands are met - an element of the decision of top managers or owners of the entity.

3.2. Internal audit versus internal control

The definition of internal control, frequently used in Romania, presented above, reveals that it consists of a set of forms of control exercised at the entity level, including and internal audit. Standards applicable to the latter shows the control as any action taken by management or other parties in order to improve risk management and increase the likelihood that the goals and objectives to be met. From these statements, we can estimate that, indeed, internal audit is included as a control measure or form the area organized and conducted by an entity to manage resources, activities, risks, effective and efficient. Such a conclusion is, however, apparently at odds with what is expected to mean the internal audit. Thus, the internal audit activity is seen as independent and objective entity that gives assurance regarding the degree of control over operations, a guide to help improve operations and add an extra value, helping it to achieve its objectives through a systematic and methodical evaluation, its processes of risk management, control and governance and formulating proposals to strengthen their effectiveness. We therefore made a double perspective of the relationship of internal control - internal audit. On the one hand, internal control as a method by which management has control of all activity, including the degree of severity of each item, including internal audit, considered from this point of view a way to reflect, to highlight the significant issues with major impact in the results. On the other hand, assurance and consulting engagements, internal audit of internal control is in sight, whose role is to assess the appropriateness and adequacy and formulate its recommendations for improving it. Accepting the assertion that the management and administration, internal control mechanisms and is a means of guiding or restraining order to prevent self as a pilot controls the aircraft to the same extent we would agree that internal auditing is to indicate through an objective evaluation, if the mechanisms and means used by the pilot guide is designed to avoid significant risks such as race to be completed in the best condition and at the same time be able to formulate recommendations airline (owner of the aircraft) improvement on these mechanisms and means. To assess the risks of material misstatement in the financial statements and management's assertions for classes of transactions, account balances and disclosures, internal auditor needs to achieve a better understanding of the entity, namely industry, regulatory and other factors external factors, the nature of the entity (activity, shareholding structure, governance, investment types, structure, financing mode), objectives and strategies and related business risk (arising from adverse circumstances which may affect the achievement of objectives, strategies and objectives, inadequate, changing and complexity), performance evaluation and review of financial and internal control. We have concluded that between internal audit and internal control there is a bi-univocal relationship. Detailing is the internal audit found that not only seeks to resume practice in perspective - as opposed to control - independent (even relative) and objective, internal control traveled routes, but also to assess the extent to which their control goals , give the adequacy of internal controls. The position is, if it conforms with the rules, allows the internal auditor to formulate conclusions and recommendations that are not normally reach internal control, such as, for example on the likelihood of top management for action risky. The existence of an internal audit function is as a measure to the discretion of the owners or those charged with governance, as a result of the analysis type benefits / costs of previous experiences and the desire to achieve a degree of safety on anticipating and managing risks, improving activities, operations control and management processes. In fact, they are primarily affected and, as a consequence, the level of interest in pursuing the objectives, namely financial position and performance of the company. In fact, not only the owners, shareholders or partners, and managers are directly interested in finding out what position is the entity at a time. Position and financial performance are tracked by all those who have an interest in the entity that: potential investors, creditors, customers, suppliers, public. The local governments have a vital interest to the situation of public utility service operators, whom he entrusted the management of technical infrastructure and the right to operate it. Fairness of financial audit reporting is attested by the reports, that the opinions expressed by examining the financial statements. A functional internal audit is a third-party guarantee that the assertions of management found in the financial reporting information is correct and the construction shows no deviation from the rules. At the same time, the existence of an internal audit function provides assurance of non-entity in terms of its behavior in the environment in which it operates, and adequacy of strategies and directions to the conditions identified. The level of confidence in the effectiveness of internal audit function is directly related to compliance by the code of ethics involved, the individual characteristics of objectivity (impartial and unprejudiced attitude and avoid conflicts of interest), competence (possession of knowledge, skill and other skills necessary to exercise individual responsibility), conscientious professional and continuing vocational training. Internal audit is guided by specific rules applicable to entities, as well as professionals. For small entities that are not required audited financial statements, the implementation of internal audit functions are still a measure whose opportunity and necessity are appreciated / decided by the governing bodies and the rules applicable to the function and character of those who keep bringing recommendations. When organizational form involves the participation of state, it has an explicit obligation by law to organize and ensure the exercise of internal audit. Appears as a demarcation between the private and public sector, between the economic entity (private) and public entities, between public internal audit and internal audit. Private sector, internal audit activities cover all economic entity, each of them individually or collectively, may be the weak link in the chain that affect the performance of procedural goals in an efficient entity. For the public sector, internal audit is focused on what has influence on the proper administration of public revenues and expenditures. Independence, objectivity, professional competence and awareness are fundamental principles that govern the internal auditors of both worlds. The Code of Ethics of the internal auditor of public entities, we find, in addition, the principle of integrity, trust and credibility in support of the reasoning given internal auditor. Internal audit is an independent and objective assurance activity and consultancy / advice on the degree of control over operations. Insurance services aimed at evaluating evidence to provide an independent opinion or conclusions regarding a process, system or other topics. Insurance Form and the mission are determined by the internal auditor.

3.4. Internal audit planning

The internal audit activity is a planned activity, a process that is done based on risk analysis and associated activities is intended to add value to the entity being audited. The auditor should plan the audit in a manner which ensures that the mission will be accomplished in terms of economy, efficiency, effectiveness and the agreed date. Audit planning is to build a comprehensive strategy and detailed approaches to the nature, duration and extent of audit coverage planned. The work involves planning the audit the following characteristics:

- *Rationality.* Planning process and its results enable the auditor logical assessment tasks and the setting of clear objectives;
- Anticipate. The planning process allows for sizing tasks, so that priorities are more clearly highlighted;
- Coordination. Planning enables coordination by audit institutions, both policy audit, audits carried out effectively, and the activities of other auditors or experts.

Planning internal audit activity is carried out on three levels:

• Long term strategic planning has to work on evaluating the internal audit function structure subordinate departments who organized the audit every five years, according to the normative framework of internal audit;

• Medium-term strategic planning is the fact that, by law, all auditable activities should be audited at least every three years. Depending on the importance of activities within the entity, the danger of events or even damage and the degree of risk occurrence and significance of this may be contained in the audit;

• Annual planning the tasks to be achieved over the next year while taking into account the available budget and resources allocated under the plan annually.

Each mission will include audit objectives, identification of adjacent activities, hours worked, scheduling staff and the public entity for the activities and departments under review. Making the planning involves determining the key areas of the audit. A wrong or incomplete planning leads to a loss of risk-bearing activities. The practice requires careful selection of activities in high risk areas audited based on risk analysis associated with these activities.

3.5. Managing risk

In practice it requires a risk management policy that involves a series of:

3.5.1 Objectives

- The existence of a formalized policy that includes hazard identification, determination of the major risks establishment owners, an analysis at a certain time, other risk assessment;
- Measurement systems and risk identification;
- Strategies tailored risk management and control;
- System audit risk;
- Risk reporting system;
- Scoreboard conducted in coordination with the objectives of the organization.

3.5.2 Recommendations

a. Risk assessment criteria must ensure that a general view of the assembly.
b. Start work top-down planning from the bottom up because we find that some activities we will be repeated many times;
c. Plan audits for major risks (and to a lesser extent the minor or no).
d. The planning activities must be audited next year to give priority to high value added activities, whose results will be relevant to those audited, because it creates a favorable impact on internal auditors.
e. Planning internal audit activity should be adjusted whenever the year changes the geography of the entity's risk;

A good internal audit plan is that plan that has been tested in critical situations when a crisis occurs, because in normal circumstances it's going OK. For example, we are the last days of development and approval of the plan and the draft internal audit plan is not ready, and head of internal audit structure or that you are missing entity and establish natural question is: Is there a procedure for such situations or need to talk to people and see what happens? Obviously it will develop a procedure for this particular situation. An audit plan is better appreciated when 70% of the time is affected by the internal audit activities. I.I.A. standards (2000, 2010) Head of Internal Audit should conduct a risk-based planning to set priorities in line with the objectives of the organization. Internal audit program must in turn be based on a risk assessment carried out at least once a year and to take into account the views of general management. Where there are proposals for implementation and a consultancy mission, the head of internal audit structure before accepting it, should take into account the extent to which it can add value and contribute to improving risk management operation. Advisory missions were allowed to be integrated into the annual internal audit plan, which will be transmitted to the general manager for approval.

3.6 Risk analysis models

A risk analysis model recommended by the IIA (Institute of Internal Auditors) is based on six risk factors:
F1 - The findings of previous audits;
F2 - The sensitivity of the system, as it is perceived;
F3 - control environment;
F4 - Confidence in operational management;
F5 - change people or systems;
F6 - Complexity.

Each item in the audit universe will be measured by these six factors using a numerical scale from 1 to 3, where:
1. means "perhaps there is no problem"
2. means "possible problem"
3. is "probably a problem"

The results of these tests are totaled and then multiplied by a factor of age audit such as:
- 100% when a similar audit was done in the past 24 months;
- 125% if the audit was made 25-36 months ago;
- 150% if the audit was made months ago with 37/60;
- 200% if the audit is older than 60 months.

Levels results will be spread over a range of values between 6-36, which after this process of scoring will be grouped according to four categories of risk factor, as follows:
- 10% layer, top, represents the maximum risk level;
- 30% layer is the level of risk sensitive;
- The layer of 40% is moderate risk;
- The last layer is 20% low risk level.

The annual internal audit plan is then built from samples of the four layers using the following coverage targets.

- Audit entities considered high risk will be audited 100%;
- Risk-sensitive layer will be audited at a rate of 50%;
- 25% sample will be audited in the layer of moderate risk;
- Low risk layer will be audited by selecting items in 10%.

Lower risk groups are sampled to see if the scoring works and confirms that the risk levels are properly classified.

The risk assessment recommended guidelines for establishing a risk rating criteria are:

a) Previous findings of the audit - is an indicator of the discipline of internal control. Problems are often characterized by significant impairment of control, changes (adjustments) major findings a number higher than normal, and repetitive findings are not fixed. Conversely, failure to correct findings and previous findings indicate a regular discipline of control.

b) Sensitivity - is the assessment of inherent risks associated with the entities evaluated. This is an assessment of what potentially could cause irregularities in the future and to be associated reaction, which can be connected in terms of risk, undetected errors, with exactly quantifiable liabilities or unrecognized or risk of adverse publicity, legal obligations etc. Quantification of sensitivity will have to take into account the size of the entity considered, the potential exposure and probability.

c) Control environment - is the collective policies, procedures, common rules, measures of physical protection of assets and personnel used for this purpose. Essential for a control environment is the tone at the top, adherence to policies and procedures contained in documents, secure, prompt detection and correction of errors, providing necessary personnel and ensuring a (personal) under control. Conversely, lack of supervision, high error rates, lack of documentation, large amounts of qualitative variables work, poorly managed, many staff and non-regulated operations, are symptoms of a weak control environment.

d) Good relations, relaxed atmosphere with executive management - reflects confidence in the management audit managers directly responsible for the unit audited and management involvement in internal control. Comfort is characterized by factors such as cooperation in prior audits, management experience in the work environment and perceptions of quality and staffing level.

e) Exchanges in systems. Practice shows that the changes have an impact on internal controls and financial reporting. Changes usually appear to have long-term effect, but often short-term change requires greater attention from the audit. The changes include reorganization, changes in business cycles, rapid growth, new product lines, new systems, purchasing and sales of parts of the firm (capital), new regulations or laws, and staff turnover. Audit units are less affected by changes will be less audited.

f) *Complexity*. This risk factor is the potential to commit errors or mismatch that might go unnoticed (undetected) due to environmental complexity. Quantification and the level of complexity will depend on several factors. Extending automation, complex calculations, interdependent activities, number of products or services, the time horizon of estimates, dependence on third parties, customer demands, processing times, laws and regulations and many other factors, some of them unknown, influence judgments complexity of a particular audit. Improve risk measurement model remains a permanent priority of the internal audit function.

The objectives of internal auditors to audit the allocation of resources in an optimal manner, the audits with the highest risk for recovery activities / sub-activities of the entity and the saving of resources based on risk analysis remains a priority.

3.7 Procedure for identification and risk analysis

3.7.1 Purpose:

The procedure to identify the specific risk structure or activity being audited. Evaluation of internal control within the structure or activity being audited.

3.7.2 Premise:
A risk assessment is carried out according to: the nature and specific activity or function audited internal control quality, direct and indirect consequences of the severity of the contingency, the likelihood of risk.

3.7.3 Procedure:
Auditors carry out specific activities:
1. Undertaken on the basis of information gathered, auditable list of activities;
2. For each activity determine the audit is the elementary charge;
3. Identify risks for each elementary task;
4. Specify the criteria for assessing risk;
5. Evaluate the identified risks;
6. Establish audit objectives due to the risks identified.
7. Specifies device-specific tasks (goals, means, information system);
8. Risk analysis table prepared
9. Organize a meeting to review the audit objectives, risks and their assessment criteria. Where appropriate, may order re objectives and risks identified;
10. Approve the Risk Analysis Table.

3.7.4 Risk assessment methodology to establish internal audit plan Stages:
1. Identify auditable activities;
2. Identifying the risks inherent in activities;
3. Establishment of risk assessment factors and their levels of assessment;
4. Establish criteria for assessing the risk level;
5. Determination of total risk score;
6. Rank based on risk analysis activities;
7. Hierarchy of activities to be audited;
8. Developing themes in detail the activities audited
9. Develop annual internal audit plan.

3.8 Identify auditable activities and risks
The recommendations made taking into account the general rules for the use of factors: internal control assessment, the assessment of quantitative and qualitative assessment, which we can add activity-specific factors.
We set the following weights:
- Internal Control Findings 40%;
- Quantitative Findings 25%;
- Qualitative Findings ... ... … 20%;
- Legislative changes ... ... …10%

Establish criteria for assessing the risk level is achieved by applying to each risk factor analysis, a degree of discretion.

3.9 The analysis of strengths and weaknesses
Payment Activity and service providers, although it was ranked low risk has been included in Table strengths and weaknesses and will come in and audit the program because it has not been audited in the past two years and in accordance with any general activity of the entity to be audited at least every three years. The theme of the document in detail all activities will be undertaken financial sector accounts audited in accordance with the results of classifying and ranking them.

3.10 Theme Development in detail
Theme is made based on Table detail strengths and weaknesses, and includes all audit activities and is expressed in the document in detail .The internal audit plan, the current year, will be included in the audit activities assessed as high risk and the work that has not been audited in the past two years, although it was assessed as low risk. The following internal audit plan will be undertaken other activities were not considered in the current internal audit plan.

3.11 Develop annual internal audit plan
In preparing the annual internal audit plan is necessary to determine for each goal during the audited fund to undertake the necessary time and number of auditors involved. Audit Plan prepared by the internal audit department based risk analysis is subject to approval of the entity

4. CONCLUSIONS AND IMPLICATIONS

The impact of risk is often high especially for complex risks aimed at vulnerable areas of the entity. Risk assessment is essential because it is central to the process of risk management responsibility of leadership, management entity. This is called to interpret risks and take a position on this is based on risk tolerance. By implementing a risk management system offers several advantages such as: ensuring the entity's objectives and implementation of an effective and proactive control system. That auditors and managers are also increasingly worried about the implications that it entails objective and subjective factors on mission planning and assessment studies undertaken riscurilor. Among the disadvantages of these methods is highlighted in quantifying bias parameters which are not currently available risk assessment. The advantage of qualitative methods is that it provides an identification and prioritization of risk areas; activities or processes are most exposed. The disadvantage of these methods is the lack of monetary quantification. To reduce or even eliminate the effect of materializing risks from environmental threats that exploit vulnerabilities entity, it must implement an effective internal control system. In terms of financial and internal audit, there is a functioning control system reduces the risk control and rethinking the nature and extent of further procedures. The studies undertaken show that from the perspective of the educational profile of most auditors have a basic university education in the accounting field while the internal auditors as the base training in management area. Auditing standards require auditors to consider in the planning phase of the risks specific to the entity's business, the industry in operating and competitive conditions. It emerges as a consequence, the need for specific training and education complex, interdisciplinary auditors. Be aware of the research as theoretical limits and require the continuation and completion of theoretical studies performed in both Romanian and foreign specialist literature, much more complex case studies, with more applied research, practice at audit and audit organizations in Romania.

5. RESEARCH PERSPECTIVES

Given these considerations present further directions that will guide future research: the role and size of the pattern of psycho-behavioral mechanisms in the auditor and audit process; explore ways of assessing and monitoring internal audit by resorting to techniques such as: self-evaluation of internal control (internal control methodology that reduces risk to an acceptable level to facilitate the objectives of the entity), integrated audits (combining adjacent audit activities to assess key controls), continuous auditing (more frequent monitoring and evaluation);deepening and expanding research on psychology and behavioral skills in verbal and nonverbal communication of auditors who must become much better communicators and counselors; research level and quality of specialized skills acquired by graduates from which most of the internal auditors to capture how their academic preparation contributes to the assimilation of skills and competencies necessary to conduct audits in accordance with professional standards, especially internal audit functions.

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