

CORPORATE GOVERNANCE –THE SET OF RULES GOVERNING THE ROMANIAN FEDERATION OF AUTOMOBILE SPORTS

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Abstract

Integration into the European Union forced Romania to find ways to streamline business and alignment with international regulations in various fields, primarily in order to adopt best practices and secondly to remove the inconsistencies encountered in business activity and public institutions.

Thus, besides the gradual assimilation into national legislation International Financial Reporting Standards (IAS / IFRS) in the economic entity, the audit organization won both the businesses and public institutions. Necessary being the transition to a new accounting system based on the European System of Accounts for public institutions and other improvements related economic and fiscal legislation.

Accession to the European Union requires the existence of strong financial management systems, and ways to control them, due to the fact that our country will use Community funds to be used to maximum efficiency. This situation called for more attention to audit activity in all its forms (financial, statutory, internal and so on).

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JEL Classification: H83, M42, M40

INTRODUCTION

The concept of governance is not new, it has gained new values emerged with the development of civilization. It can be found in all political and administrative levels (global, European, national, local) but, more recently, in connection with business activities (government / corporate governance).

Although different, corporate governance codes adopted by the European Union countries, and therefore the one adopted in Romania (the BSE) addresses four key issues:

equitable treatment of all shareholders, whose interests should be given priority, clear responsibility of the Board and management (especially in cases where the Board of Directors clearly defines management) company transparency and accuracy of financial and non-financial reporting in useful time, that responsibility for the interests of minority shareholders and other social partners and respect the law.

As manifested in the enterprise internal audit and considers its internal processes, relationship with corporate governance is currently the subject of numerous discussions and interpretations. Since the latter is defined as a system by which a company is managed and controlled, *we believe that internal audit evaluates and makes appropriate recommendations for improving governance in order to achieve specific objectives, among which we mention: promoting ethical values appropriate to the entity, ensuring accountability and effective*

functioning of the management entity effectively communicating information about risks and appropriate internal control structures within the economic entity, effective coordination of activities and communication among management information between internal auditors and the external relationship management and Board of Directors.

Thus, the present study is based on the relationship between internal audit and corporate governance, while the internal audit has become an essential component of a modern company structure. It provides greater efficiency through more appropriate use of human and material resources and better coordination between different departments of a companies.

Ensuring that the entity complies with standards of corporate governance review, internal audit contributes to building a reputation for integrity, which in turn will help develop business relationships based on trust. Also, internal audit will provide the necessary conditions so that the entity shown to play a positive role in the community, ensuring public image and reinforcing its image of reliability.

As Romania assumes the status of a member state of the European Union, companies need to develop their internal audit activities if they are to compete successfully in the European Single Market. The first step for many will be to seek professional advice from experts in the field.

Corporate governance (corporate governance) is a system that is managed and controlled by a company in accordance with best practice. At the enterprise level, corporate governance examines the organization of power and distribution of responsibilities between shareholders, directors and managers.

Today the concept has expanded its definition and is used to describe the act of governing, way to administer, manage, both in the states of global organizations and enterprises (15). Therefore, we can say that this concept - corporate governance - means driving overall throughout the organization by accepting all internal components that work together that ultimately will be integrated management and implementation of the organization's risk management (ERM) and financial management system and internal control (MFC), including internal audit.

In a world where any hierarchies and values are constantly reshaping, feel the need for rigor, transparency, openness and not least, of responsibility, especially in public life, an area in which we are both, players and spectators.

All these fundamental principles for the existence of an organizational climate appropriate for achieving the objectives set are promoted by corporate governance, a concept that puts its foundation on four large, pillars "namely: responsibility, integrity, openness and competence. Socio-economic development and political Romanian on the background of European and Euro-Atlantic integration, bring to the attention of managers empowered to ensure the success of organizations, regardless of the sector in which it operates (public or private), new challenges they are forced to answer. Response of management, regardless of the tier to which is located, must be a corresponding degree of maturity reached by the environment in which they operate. Below we will try to show the universality and applicability of the principles of corporate governance in the public sector.

We believe that any approach to management, top level or line, should be preceded by a deepening of general notions about control environment, corporate governance, risk management and, of course, internal audit. Interest lately governance all over the world gives it a very wide connotation that includes ethics, social responsibility, best practices, control activities.

From research conducted it was concluded that there are two main problems that need to improve governance has tried to highlight: the first concerns the behavior profoundly unethical, corrupt and fraudulent met at the top of the organization, the second refers to the strategic (corporate) management declined where members of the board of directors or senior management fail to provide the right direction for the organization or have no

mechanisms to identify significant problems or poor performance and taking corrective measures necessary.

Although initiatives for improved governance began in the private sector, the principles apply equally to the public sector. In fact, we may say that this concept can bring more value here where taxpayer interests are at stake and the general public who have an interest in public institutions are well managed in delivering public services.

The influence of culture on corporate governance entity

F.R. Automobile Sport is characterized by cultural diversity, linguistic, traditional. This is obviously an asset that can be exploited, but also a challenge for the organization, meaning that action becomes necessary cohesion. Collective consciousness and sense of belonging to an organization not naturally occur in such cases, but they have grown. Work as a whole is not so simple. Active participation in organizations involves defining a generating system of values in which people recognize, adhere. These values differ from one group to another.

Some of the values of this entity are:

- Innovation from previous products;
- Respect the facts, market acceptance sanction, finding on the ground;
- Respecting customers. The real owner is the client;
- Respecting people, staff knowledge, learning in the country where they work;
- Discretion and confidentiality;
- Autonomy, ie the ability to decide and to take decisions;
- Honesty. But lying is permissible error, espionage is prohibited, illegal copying is prohibited programs;
- Reliability of service;
- Availability;
- Flexibility (adapting to circumstances, acceptance of international environment and mobility).

Other elements that are part of the fair policy and are required: respect for the environment and sustainable development. These values imposed by management assimilated and accepted by all is what is called culture entity. This is the organization that assures unity. It is social in the current uncertainty. By adhesion which determines culture creates a team spirit and discipline which allows a deep and rapid mobilization entity.

But from all of this, follows an important implicit capacity and a certain agility to accept and manage change. In fact, flexibility becomes a constant value. A strong culture of entity presents disadvantages. The main danger of a distinctive is that it may lead to the exclusion of any foreign

nationals social body, thus making it difficult to engage employees in the course of his career.

It can lead to complacency in the label and autarchy, which, in turn, can cause syndrome "not invented here". It may even reach mediocrity. By competition that requires modern world calls duration and cost reduction through technological, alertness and curiosity of all, such organizations may be lost by closing the system from outside. Preferably consensus decisions result from multiple analysis options than neutralizing them.

A team spirit can quickly turn to defend the benefits gained. We have in view a culture of entity obtained by evolving and adapting to the modern world. In a word, combining tradition and modernity. At this price based on robust enterprise culture with values well understood, an entity may become a formidable force.

Internal Audit - pillar of corporate governance

Principles of corporate governance can not be achieved without understanding the need to implement internal audit, governance structures. These expectations are a growing opportunity for the senior management to seek and form internal auditors able to provide a strategic judgment that brings value added organization. Implementation of the internal audit function incorporates risk management, internal control and governance processes, between which links (6).

Internal Audit's annual report should comment on these internal controls that have been implemented in order to manage internal and external risks. Of course, the Board can provide information on the functioning of the internal control system through information from risk management and reporting, but much of the information will be provided by internal audit, external audit and the audit committee.

Of these, internal audit remains the most important form of reporting internal control system operation, which is why teams of internal auditors focus on the requirements of the Management Board, the private sector, or requests the Executive Director in the public sector.

Internal audit can be seen as a function of corporate governance (5).

In recent decades, internal audit is increasingly accepted as a function of the company, which plays an important role in corporate governance. It must be established at corporate level in an independent and objective function, although it may be subjective by human side.

Like governance, internal audit can be defined in many ways. Internal audit is an independent and objective, assurance and consulting services designed to create value and improve an organization's operations. It assists the organization in achieving its objectives by implementing a systematic and disciplined approach to evaluate and

improving the efficiency of risk management, control and governance processes.

In practice, any entity pursues to implement three goals contained in the definition of internal auditing, namely, corporate governance, risk management and internal control system so that internal auditing is a key component of corporate monitoring these ideals.

Furthermore, internal audit plays a key role in educating management and effective solutions, the auditor must have a thorough understanding and be familiar with corporate governance being most appropriate to assume this role in the organization to support management and to ensure success (2).

In practice, corporate governance is an attempt to implement risk analysis systems, verification, evaluation and control, to achieve an efficient management. The concept of "corporate governance" is supported by internal audit, having an important role in assisting the reorganization of the internal control system and general management advice.

As specified in the task management system remains installation to prevent fraud within the organization, and internal audit task remains to provide their own health, assessing risks and corporate control strategies, suggesting proposals, recommendations and solutions to mitigate the risk of fraud and improving the control strategy. Interest in corporate governance in recent years has fueled significant audit force. The important role of internal audit of the organization derives from its influences on internal control.

Economic crises caused by huge financial scandals that occurred in European and American scene showed that accounting fraud is largely attributed to the lack of control and form prescribed in the internal regulations of companies. Thus, there are highlighted the close links between fraud, corporate governance and internal audit role.

CONCLUSIONS

In conclusion, we can say that governance is an attempt to make those in leadership to fulfill its obligations in a manner more accurate and qualified so as to protect the interests of stakeholders in an organization. Stakeholders may be internal or external and may have different requirements and expectations, sometimes conflicting to the organization.

Also pursuing efficiency of the management, while effectively managing risk is essential for continuous improvement of company value. *Implementing strong corporate governance is vital in achieving this objective*, in conjunction with the policy of providing a transparent management by identifying optimal governance system for the company. By delineation and separation of management process steps, and executive functions of the non-executive is being promoted an efficient

decision-making and clarify responsibilities. *Clear separation of functions within an entity may be the key to governance quality, allowing creștere transparency and efficiency.*

The role of internal audit of the organization, given its influence on control and management, assumes importance in the field of corporate governance foreground. Internal audit regulations remains ineffective unless it is accompanied by an organizational culture based on ethical principles to introduce one of its priorities, accounting information transparency and efficiency of internal and external control. Internal Auditor helps line management to improve operational management and evaluate risk management.

Internal audit findings and recommendations are useful to line management in the audited areas, particularly on improvements potential in the risk management process.

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