

THE AUDIT PROCESS AMONG THE COMPANIES FROM CLUJ AREA

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Abstract. The article aim is to determine the type of audit conducted among the agro-food companies from Cluj County. The term of audit is used for identifying a certification process. The last century represented a period of audit expansion and diversification. A survey has been performed on a sample of forty-six agro-food companies from Cluj County using a questionnaire with thirty-two questions. The sample volume was determined using the criteria of the company age on the market, essential when it comes of the audit process. Results indicate that the accounting-financial audit is mostly conducted among the agro-food companies while the judicial and informatical audit are the least conducted. The desire for legal certification among the agro-food industry in Cluj is not determined by legal constraints. Three conditions were checked (number of employs, turnover and total actives). Conclusions show that none of the companies fulfilled the three criteria.

Keywords: financial audit, professional domain, certification, agro-food sector

INTRODUCTION

The term of “audit” is used to define the professional examination conducted by a competent and independent specialist in order to express a responsible and independent opinion related to a specific standard or quality criteria (Toma, 2012). The American Accounting Association consider that the audit is a systematical process consisting in obtaining and objectively evaluating information or statements for appreciating their compliance with the established criteria and also to communicate the results to the interested users.

The last century is characterized by evolving needs of the enterprises which led to an explosion of audit types according to precise sectors and fields of activity. Its importance grew among the economic field because it is an instrument to obtain the assurance that certain documents or activities within the company are correct and respect the rules established by different regulators (government, industry regulations etc.) The main advantage of an audit process consists in obtaining a professional opinion regarding the audited domain and recommendations for improving the weaknesses.

Zecheru (2003) and Oprean et Oprean (2006) identified seven criteria which could be used to classify the different audit processes and one of them is related to the professional domain submitted to certification. There were identified different types of audits corresponding to the enterprise needs of certification: informatic audit, judicial audit, accounting-financial audit, human resources audit, management audit and engineering audit.

MATERIAL AND METHOD

At the European level, the agro-food sector plays an important role within the economy and society because of the huge amount of added value generated each year- 715 milliards Euro, meaning 6% of Gross Domestic Product per capita. The agro-food sector is also important being an important source of labor for 48 million people. The total number of units involved in the agro-food sector is 17 million, 18% being agro-food companies and 82% agricultural exploitations.

The agro-food sector is an important domain for the European Union as well as it is for Romania, were the agro-food industry has reached a turnover of 9,76 milliard Euro in 2010 with a total share of 8% in the national Gross Domestic Product, being a labor source for over 185.000 people (FNSIA, 2012)

Conducting an audit is considered to be an indicator for the management desire to perform well, therefore, taking into account the relevant position held by the agro-food industry within the national economy, the article aim was to establish the type of audits performed in Cluj County by the companies activating in this field of activity. According to ORC Cluj-Napoca (2012), in Cluj County there are 571 agro-food active companies. The domains of activity are presented in Table 1.

Table 1

The agro-food companies from Cluj County by domains of activity

Domain	Number of companies
Meat processing and preservation	52
Fish, crustacean and molluscs processing and preservation	2
Fruit and vegetables juice processing	12
Fruit and vegetables processing and preservation	30
Oil, animal and vegetal greases manufacturing	16
Dairy products manufacture	32
Milling and starch products manufacture	64
Bakery and milling products manufacture	289
Drinks manufacture	74
Total	571

Source: Own processing after ORC (2012)

The research method used was the survey having as an instrument the questionnaire that has three parts. The data were analyzed using SPSS. The study has been conducted on a sample of 46 agro food companies and the sample volume was determined using the main criteria, the company's average age on the market which is 13,6 years.

The main objectives of the present study are:

- Identify the type of audits performed by the agro-food companies from Cluj County
- Identify the professional domains for which the companies need an independent and professional opinion
- Delimitation between the companies obliged by legal regulations to perform a financial audit using indicators like: total actives, turnover, and

average number of employs by the ones that chose to perform it for the need of safety and certification.

RESULTS AND DISCUSSION

Results of the study performed among the agro-food companies reveal that between 1990 and 2012 form the total sample of 46 agro-food companies, 25 companies performed a total of 83 audits in different areas, while 21 did not performed any type of audit (Table 2).

The number of audits for each professional domain highlights each domain's importance, so the most performed audit was the financial audit (23 agro-food companies conducted one from a total of 25). The second professional domain for which an independent and professional opinion is needed is management. This reflects the companies desire to improve their managerial activity following external suggestions and recommendations.

Table 2

Type of audits conducted by the agro-food companies in Cluj County 1990-2012

Audit type	Number of audits
Financial audit	23
No type	21
Management audit	15
Human resources audit	13
Technical audit	12
Accounting audit	9
Marketing audit	7
Informatical audit	2
Judicial audit	2

Employes are also an important factor for the agro-food companies, followed by the technical area. In the agro-food industry, technical issues are the key element for a successful activity because innovations could be the differentiation element. Therefore, technical audits occupy an important place in the audits hierarchy. Unlike management, the marketing domain was audited only 7 times which reflects the fact that it is not yet realized the great importance of this domain. The informatical and judicial audits are only performed 2 times by the companies from the sample.

It is important to highlight the fact the each company performed audits in more than one proefessional domain, fact that suggest the major role that audits play in the agro-food sector. The fact could be explained by the sector huge importance in the consumers life because of aspects like alimentary safety and health.

From the hypothesis it was expected that the financial audit would be the most conducted because of the obligativity of some companies to perform it. Therefore, the next step is the analysis of the conditions that companies must fulfill in order to be obliged to perform a financial audit and separate them from the ones that performed it without any

legal constraints. According to legal reglementations the companies obliged to conduct a financial audit are the ones that fulfill two out of the three following conditions:

- total actives over 3.500.000 euro,
- net turnover over 7.300.000 euro
- number of employs: 50 or more.

Regarding the first criteria necessary for the obligativity of conducting a financial audit, none of the companies from the sample fulfill this criteria, their total actives sum less than 3.500.000 euros. The net turnover represents is less than 2.000.000 euro for 78% of the sample while 22% have a net turnover over 2.000.000 but less than 7.300.000. Therefore, the second criteria are also unfulfilled by any company from the sample (Fig. 1).

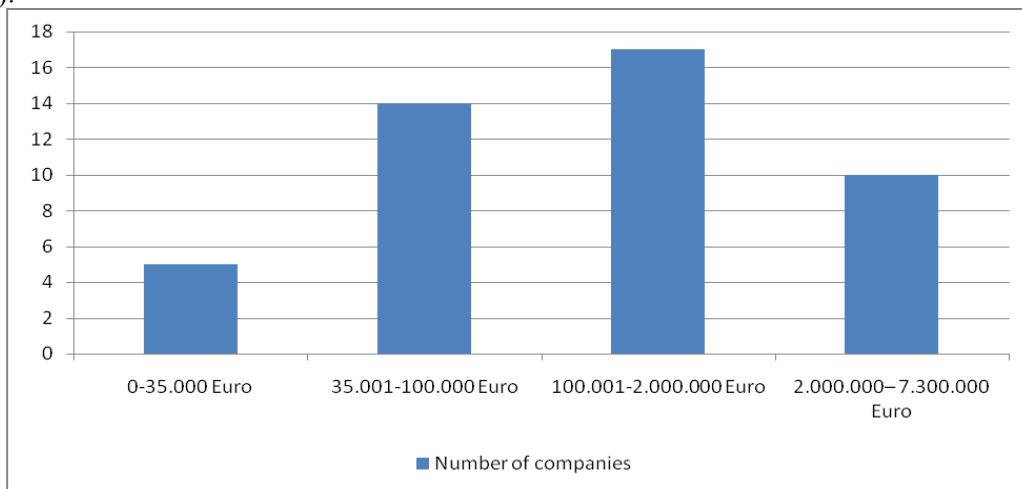


Fig. 1 Net turnover of the companies from Cluj County

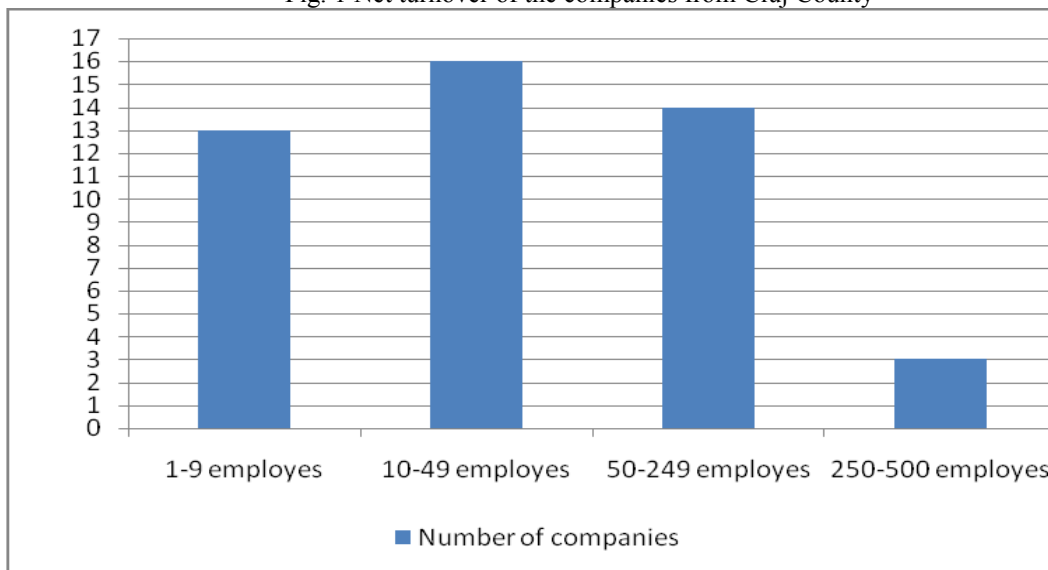


Fig. 2 Number of employees of the agro-food companies from Cluj County

The study conducted among the agro-food companies from Cluj County reveals that 63% of the companies from the total sample have less than 50 employs therefore they

do not fulfill the third criteria while 27% (17 companies) have 50 or more employs (Fig. 2).

Analyzing the three conditions specified by the law regarding the obligativity of conducting a financial audit, results indicate that companies are not fulfilling the criteria, so they are not obliged to conduct a financial audit.

CONCLUSIONS

It can be concluded that the agro-food industry from Cluj County is characterized by the desire of certification and obtaining a legal, objective and external opinion about different domains of their activity and the high number of audits performed is a proof. The financial domain is the most submitted to audits because of the need of regularity. Another domain which is audited is the managerial one and the explanation stands in the importance of this position being the decision maker factor. The analyze aim was to identify whether the financial audits are conducted because of the legal restraints or not. After analyzing each condition mentioned by the legal organism, it could be observed that none of the companies from the sample fulfilled the three criteria.

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