

FINANCE AND ACCOUNTING

TAXATION IN THE REAL SYSTEM VERSUS TAXATION AT THE INCOME NORM

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***Abstract:** The paper aims to make an analysis of the taxation system for authorized persons in Romania in the current context. The last 5 years have seriously marked the entire economy because of the pandemic situation caused by COVID 19 and more now, because of the war in Ukraine and the energy crisis, a period in which small producers, traders and all the entrepreneurs of the liberal professions (especially those in tourism) tried to resist and maintain their businesses. The measures taken by them in the first part were to reduce their direct and then indirect expenses and to pay lower taxes to the state. In this paper we will focus on the taxation of individuals, and we will present the taxation system in the real system and the taxation at the income norm.*

***Keywords:** taxes and fees, taxation, trade, tourism, services, entrepreneurs, accounting, income norm, expense*

1. INTRODUCTION – the method of taxation of PFAs.

According to the dictionary, **an authorized individual person (PFA)** = is the person authorized to carry out any form of economic activity permitted by law (also called self-employment), mainly using his labor force¹. Persons who: i) have reached the age of 18 may carry out economic activities as a PFA; ii) have not committed acts sanctioned by the financial, customs laws and those concerning financial-fiscal discipline, of the kind that are included in the tax record; (iii) have a place of business; iv) declares on their own responsibility that they meet the operating conditions stipulated by the specific legislation in the field of sanitary, sanitary-veterinary, environmental protection and labor protection, the fulfilment of the conditions regarding the compliance with the operating requirements provided by the specific legislation in the field of sanitary, sanitary-

¹ (art. 2 lit. i) of O.U.G. no. 44/2008)

veterinary, environmental protection and labor protection.²

The last 5 years have seriously marked the entire economy because of the pandemic situation caused by COVID 19 and more current because of the war in Ukraine and the energy crisis, a period in which small producers, traders and all the entrepreneurs of the liberal professions (especially those in tourism) tried to resist. The measures taken by them in the first part were to reduce their direct and then indirect expenses and to pay lower taxes to the state in order to keep their income from self-employment at the same level. Unfortunately for the united, this could not be achieved even through the support from the government and as a result many businesses were restricted or even closed down. Some of them, however, have moved to a new form of organization and thus have gone from organizing in the form of companies to PFAs with a reduced number of staff.

Income **from self-employment**³ means income from activities of production, trade, provision of services and income from liberal professions, carried out individually and/or in a form of association, including from other activities. Income from liberal professions constitutes income obtained from the provision of services of other professional activities, according to the special normative acts regulating the organization and exercise of the profession.

The taxation of these incomes is regulated by law and there are 2 ways of taxing PFAs:

- Taxation in the real system
- Taxation at the income tax norm

It is very important to note that there is no difference in the tax count. The 10% tax applies to both variants. The difference between the two ways of taxation is given by how exactly the amount to which this 10% is applied, which represents the tax due is calculated.

Taxation in the real system

PFAs that are taxed in the real system pay tax of 10% of the net income. Net income is the difference between gross taxable income and deductible expenses. It is practically the most "correct" way of taxation, as it reflects 100% reality, that is, the real income earned by the PFA.

In order to determine the net income, the PFA has the obligation to keep a simple accounting record of all incomes and expenses related to the economic activity carried out.

² According to the fiscal code, the updated law no. 227/2015

³ According to the fiscal code, the updated law no. 227/2015

Taxation at the income tax norm

Taxation to the income norm involves applying the 10% percentage to a predetermined amount, called the "income norm", regardless of the income earned by the PFA in practice. These amounts (income norms) are established each year, for each object of activity considered eligible, according to the law. They differ depending on the county, or even the locality where the holder of the PFA has established his domicile.

Because the expenses in carrying out the activity no longer influence in any way the amount to which the amount of the 10% tax is applied, the accounting in the case of PFAs to the income norm is simpler. They are required to keep only records of revenue (except for activities such as wholesale or retail trade and output, which require more detailed accounting).

2. Taxation in the real system versus taxation at the income norm.

Most people who earn income from self-employment ask themselves the question: How to choose between the real system and the income norm and which option is more advantageous?

This depends strictly on the work they carry out and the net income they expect to have.

Not all activities existing in the CAEN code are eligible to be taxed at the income norm. Because of this, first of all you have to see if there is a possibility of choosing between the two ways, or if you are forced to tax yourself in the real system.⁴

If the activity you carry out is in the list of eligible CAEN codes, then the next step is to inquire what is the income norm applicable for your CAEN code in the county, and, where appropriate, in the locality you belong to.

Once you know what is the income norm you are referring to, you are going to estimate what real net income you will have during the year. Don't forget that net income means total income minus deductible expenses ($VN=VT - \text{Deductible expenses}$).

To make a decision the person can apply the following reasoning:

- If the estimated real net income is lower than the income norm in force for your CAEN code in your county, then choose the taxation in the real system. In that way, you're going to pay a lower tax.

⁴ CAEN code = codification of activities in the national economy

• If the estimated real net income is higher than the income norm in force for your CAEN code in your county, then choose taxation at the income norm. In that way, you're going to pay a lower tax.

3. Example taxation in real system vs. to the income norm

For example, let's assume that you carry out activities related to CAEN code 4776 Trade with medicinal plants seeds, flowers in Timisoara. Let's also say you estimate a total net annual income of 60. 000 lei. The income norm for 2022 for CAEN code 4776 in Timisoara is 44,000 lei (according to the Annex). Thus, the tax due for 2022 (for 12 months of activity), depending on the mode of taxation is:

- In real system: $10\% \times 60000 = 6.000$ lei
- At the income norm: $10\% \times 44000 = 4,400$ lei

In this case, taxation at the income norm is clearly more advantageous. If, however, the estimated net annual income had been only 30. 000 lei, this amount would have been lower than the income norm. Thus, you would have paid less in the real system.

ANEXA la Hotărârea CJT nr. 235/22.12.2021
PRIVIND PROPUNERILE PENTRU ANUL 2022
A NORMELOR DE VENIT PENTRU CONTRIBUABILII CARE
REALIZEAZĂ VENITURI COMERCIALE DEFINITE LA ART.69
ALINEATUL 2 DIN LEGEA NR.227/2015 PRIVIND CODUL FISCAL

Nr. Denumirea activităţii (ot. independente pentru care venitul net se poate determina pe baza normelor de venit)	Denumirea activităţii cod CAEN REV. 2	Norma de venit – lei/an		
		Municipiu	Judeţ	Comune
1. Comerţ cu amănuntul în magazine specializate, cu vânzare predominantă de produse alimentare, băuturi şi tutun	4711	44000	39000	37000
3. Comerţ cu plante medicinale, seminţe de păune, fructe şi flori	4776	44000	31000	37000
4. Comerţ cu produse agricole	4779	44000	39000	37000
5. Comerţ cu colecţie de uz casnic şi uşor gospodăresc	4781	47000	44000	40000

Annex on the proposals for 2022 of the income norms for PFA in Timiş County.

In addition to the income tax, the tax pressure on a PFA is also given by the social security contributions it has to pay if certain limits are exceeded.

The law says that regardless of the mode of taxation chosen, if the total annual income on the basis of which the tax due is calculated is higher than the minimum wage in the economy multiplied by 12 months (or, for newly established PFAs, by the number of months of activity), then the PFA also owes pension and health contributions.

Thus, a PFA whose annual income is higher than 30,600 lei (2,550 lei the minimum wage in the economy x 12 months) also owes the above-mentioned contributions.

What is the amount of these contributions?

Pension contribution (CAS)

Pension contributions shall be calculated as follows:

- Either 25% of the minimum threshold of 30,600 lei (2,550 lei minimum wage on the economy x 12 months), i.e. 7,650 lei per year
- Be 25% of the amount of your choice, if you have a higher net income and want to contribute more for retirement
- If you get income below the minimum ceiling of 30,600 lei per year and you still want to pay CAS contributions, you can do so. In this case you will pay 25% of 30,600 lei, i.e. a total of 7,650 lei.

Contribution to health (CASS)

Health contributions are calculated as follows:

- 10% of the minimum threshold of 30,600 lei (2,550 lei minimum wage in the economy x 12 months), i.e. 3,060 lei per year
- There is no possibility to contribute more!
- If you get income below the minimum ceiling of 30,600 lei per year and you still want to be insured in the public health system, you can do so. In this case you will pay 10% of 15,300 (the minimum ceiling calculated at 6 months), i.e. a total of 1,530 lei.

4. CONCLUSIONS

In conclusion, we can say that the way of taxation that we choose in the real system or income norm, depends on its size and the geographical area in which the income is realized. The desire and purpose of any entrepreneur is to pay as low as possible taxes to the state, legally. Thus, following the above, if the estimated real net income is lower than the income norm in force for your NACE code in your county, the taxation in the real system is chosen. If the estimated real net income is higher than the income norm in force for your NACE code in your county, the tax is chosen at the income norm. In both cases, a lower tax will be paid.

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*** O.U.G. nr. 44/2008.

*** Legea 277/2015.

<https://legeaz.net/dictionar-juridic/persoana-fizica-autorizata-pfa>.

PFA = Persoana fizică autorizată să desfășoare activități independente

CAS = contribuția la pensie

CASS = contribuția la sănătate

NOTE ABOUT THE AUTHORS

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THE PROCEDURE FOR INTERNAL CONTROL OF ACCOUNTING IN PRIVATE ENTITIES

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***Abstract:** The main procedures of internal control are: internal control by inventory, control of receipt of goods, control of the way of completion and use of justifying documents, control of the correct organization and management of accountings, internal control of the verification balances, capitalization of the findings of internal control. Errors found as a result of the internal control of the accounts may relate either to the current financial year or to previous financial years.*

The correction of errors found during the internal control is made on the date of their finding. If the errors are related to the current financial year, their correction is made on behalf of the profit and loss account (class 6 / class 7). The correction of significant errors related to previous financial years is made on account of retained earnings (1174).

***Keywords:** internal control, internal control procedures, internal accounting control, , capitalization of internal control findings*

1. Control of the way of completing and using the supporting documents

The control of the way of completing and using the supporting documents has as an object to verify:

(a) all the entries in the accounts are based on legal documents, whether the printouts corresponding to the nature of the operations recorded in them are used.

Order of the Minister of Public Finance no. 2364/2015, includes a "Nomenclature on the models of the common standard registers and forms regarding the financial and accounting act". All entities are obliged to use these models of the accounting registers and of the common forms regarding the financial-accounting activity, to comply with the methodological norms regarding their use, and in case of using the IT equipment for the preparation of supporting documents and for the processing of data, the accounting registers and the common forms on the economy, they can be adapted

according to the needs of the users, but provided that the content of information of the model of forms approved by the Ministry of Public Finance.

In addition to the forms provided in this nomenclature, private entities may also use in their financial-accounting activity specific forms elaborated by ministries, departments, professional associations or patrimonial entity, depending on the needs.

b) the way of completing the documents

The internal control must monitor that they are drawn up in time and contain all the necessary elements, without artificial simplifications and omissions which may lead to or give rise to processing errors, fraud, forgery and which hinder control.

The supporting documents usually include the following main elements: the name of the documents; the name, address and particulars identifying the issuer; the document number and the date of drawing up; the content of the operation (sometimes also the legal basis, or the contract number); the quantitative and value parameters of the operation; the name, surname and signature of the persons who drew up, endorsed and approved the document and of those who participated in the performance of the respective operation or transaction, etc.; other particulars required by vat regulations.

c) if the legal rules on the correction of errors in documents are observed

For example, we specify that the correction of the information entered in the invoices is made in accordance with the requirements of the Tax Code, as follows:

- a. if the invoice has not been sent to the beneficiary, it shall be cancelled and a new invoice drawn up;
- b. if the invoice has been sent to the beneficiary, the correction can be made:
 - either by issuing a new invoice, in which the number and date of the corrected invoice are entered, and the value is passed with minus and at the same time the correct values are entered;
 - either two invoices are issued, in the first one the number and date of the corrected invoice are entered, and the values are written with a minus sign, and in the second the correct information and values are written.

If the taxable amount is changed, suppliers must issue invoices, in which the values are written with a minus sign or a plus sign, in the following situations:

- if the recipient refuses part or all of the quantity, quality or price of the goods or services invoiced;
- if price reductions (rebates, draws, scraps, discounts) are granted after the delivery of the goods or the provision of services;
- if after delivery, there is an increase in prices and tariffs;
- if the customer picks up the packaging, which has been invoiced, at the same time as the goods.

d) the documents in question are authentic.

In order to be able to establish whether the signatures on the documents belong to the authorized persons, the signatures on the respective documents shall be compared with those on the documents concerned, with those on other documents and those in the sheets of specimen signatures and, ultimately, the recognition and confirmation of the writing and signature by their authors shall be carried out.

The document in electronic form, to which an extended electronic signature has been attached, generated with the help of a secure device, is assimilated to documents in private form (Law no. 455/2001 on electronic signature, art. 5).

e) if the basis of the records are the centralizing documents.

It shall be verified that they cover only operations of the same nature and of the same management period.

f) if the numbering of documents allows the detection of missing documents or those registered more than once (completeness of the records).

This numbering shall ensure that the documents on the basis of which the recordings were made are easily located.

For forms numbered within the private entities that use them, it follows: if their numbering was still done or serially by compartments, so as to avoid the assignment of several similar documents with the same serial number (the forms in stock at the end of the year can still be used without another numbering) and if all copies of a document have the same serial number.

After completion, the forms shall become supporting documents and shall be kept, at the declared premises, in the order of the numbers, thereby ensuring a permanent control over them. The supporting documents can be stored by any method, including by electronic means, under the conditions required by the Fiscal Code. g) ***arithmetic verification of documents, also in terms of form, but also affecting the content, an arithmetic check is also carried out***, aiming at the accuracy of the figures entered in the

documents, of the measurement units, of the calculations, being aware that sometimes they are intentionally wrong, with the purpose of temporarily hiding cases of poor management, fraud or other irregularities.

2. Control of the correct organization and management of accounting

In order to ensure the objectivity, accuracy and promptness of the information, the process of organization of the accounting information system in a private entity must be carried out under a strict control, on behalf of the Administration Council, the heads of departments and the executors.

The main tasks of the internal control related to the organization of accounting records are focused on the way in which the implemented accounting information system corresponds to the legal regulations and specific characteristics of the respective entity.

The control of the way of organizing the accounting must start with a documentary basis on the criteria, which must be respected by the informatic programs. The main criteria that a computer program must satisfy are:

- to ensure the processing of information in accordance with the provisions of accounting and tax regulations;
- to protect program products against unauthorized access by persons, with the purpose of "modifying" programs;
- ensure the confidentiality of the data. Access to these data must be restricted by various codes or other means;
- to ensure the archiving of data for a period of time required by the law of compatibility;
- ensure the listing of accounting records. These listings must be intemible and complete and must contain: the type of document listed, the name of the entity, the period to which it refers, the date of listing, the chronological pagination, the specification of the computer program and the version used.
- not to allow insertions, modifications or deletions of data, for the periods completed. Any errors or omissions found shall be corrected in the current period;
- to allow verification of the functioning of the programmes and of the correction of the accounting records.

At the same time, the software must not allow: opening two analytical accounts with the same symbol; change in the account symbol, after recordings have been made in it; the suppression of an account in which registrations have been made; listing (editing) several documents of the same type, with the same order number, but with different content, etc.

The internal control goes through the logical sequence, in which the accounting processes and instruments are used.

As a result, internal control over accounting involves tracking how to ensure:

- the recording of operations in documents and their entry in the accounting books;
- verification of the consistency between accounting information and reality by means of inventory;
- checking the correctness of the accounting records, with the help of verification balances;
- the synthesis and generalization of accounting information, with the help of financial statements.

With regard to the accounting system in the entity, internal control shall monitor the quality of information and in particular, whether the following criteria are met: completeness and integrity of records; the reality of the recordings; the accuracy of the records.

a. Completeness and integrity of records

This criterion requires that all transactions and operations, which take place in an entity, be reflected in appropriate supporting documents and be entered in the accounts without omissions and without repetition, in this respect, the internal control shall follow the reliability of the document numbering system (manual or automatic) practiced in the entity.

In order to ensure the full takeover of the supporting documents in the automatic data processing system, several procedures are used, among which we mention:

- by checking the records in the registers and journals, the internal control can detect situations, in which some documents have been omitted or have been recorded several times.
- analysis of the correlations between the turnovers and balances of some accounts, as well as of the abnormal balances. Thus, the internal control can analyze the correlations between customer accounts, sales revenue and collected VAT. Also, the debtor balance of the supplier account may be due to the failure to correctly register the supply invoices, confusions between the analytics of this account, the payment of invoices several times: through the cash register, through the bank or through different payment instruments.
- control of accounting records that are based on the manual processing of a sample of documents or on processing according to another informatic program and comparison of results.

b. Reality of the recordings

All information recorded in the accounts and summarised in the financial statements must be justifiable and verifiable on the basis of supporting documents. All patrimonial elements reflected in the accounting must be in accordance with the factual reality established by physical inventory, by confirmations received from third parties, by laboratory analysis or by other procedures. All revenue and expenses must be real (justifiable and verifiable), concern the period in question and the entity concerned.

c. Accuracy of records

The correct entry in the accounts and the correct presentation of the accounting information are verified in terms of: the correct period, the correct valuation, the correct imputation and the correct presentation, as follows:

- ***Correct period.*** The principle of accrual accounting requires that transactions and transactions be recorded during the period in which they took place, according to the requirements of a commitment accounting.

Internal control must consider how, in which the accruals accounting principle is respected and how the work on reconciliation and accounting rectification is carried out.

The independence of the year is controlled by several procedures, among which we mention the analysis of the first and last documents of a financial year, with the purpose of detecting unreal or illegal "carryovers" between the management periods.

- ***Correct assessment.*** Law on accounting no. 82/1991, amended and republished, establishes the evaluation rules: at the entry into the patrimony, on the occasion of the inventory, at the closing of the exercise and at the exit from the patrimony or at the release for consumption. Accounting regulations, approved by MFP Order no. No 1802/2014, supplements the rules for valuation at historical cost and the rules on depreciation and provisions, with other rules, called "alternative rules", which refer to the replacement value or fair value. This legal norm establishes the principle of separate valuation of assets and liabilities and the principle of valuation at acquisition cost or production cost.

- ***Correct imputation.*** Internal control must aim at recording transactions and transactions in the corresponding accounts, knowing that non-compliance with correspondence between accounts can contribute to the mass of fraud or other irregularities, to illegal compensation, to distortion of indicators, etc.

• ***The correct preparation of financial statements.*** The internal control must follow the correctness of the accounting records, based on the synthetic and analytical trial balances, on the basis of the confrontations between the accounting and the operative records (stock records, cash registers, management reports, etc.), on the basis of the work of reconciliation and rectification of the accounts, including, on the basis of the inventories and on the basis of the confrontations between the chronological records and the systematic records.

After carrying out these checks, the internal control shall aim at the correct centralization and retrieval of the information in the annual financial statements or in other reports and information.

Errors found as a result of the internal control of the accounts may relate either to the current financial year or to previous financial years.

The correction of errors found during the internal control is made on the date of their finding.

If the errors are related to the current financial year, their correction is made on behalf of the profit and loss account (class 6 / class 7).

The correction of significant errors related to previous financial years is made on account of retained earnings (1174).

Correction of insignificant errors for previous financial years shall also be corrected on account of retained earnings. However, according to the approved accounting policies, insignificant errors can be corrected on behalf of the profit and loss account.

In the notes to the financial statements, additional information on the errors found must be presented.

3. Internal control of accounting and tax rationales

Private entities submit accounting reports according to size criteria, annually or semi-annually.

The internal control department verifies with the accounting department at the beginning of each fiscal year, the classification in the size category according to the indicators in the balance sheet and establishes the manner of accounting and tax reports according to the legal provisions.

The internal control department at the due dates verifies the submission of reports by the accounting department.

At the end of each reporting period, the internal control department will analyze whether the chart of accounts used by private entities and the development of accounts on analytics is sufficiently comprehensive or on the contrary too complex, making it difficult to analyze the financial information.

At the end of each period, the internal control department will check together with the accounting department whether: the tax returns have been submitted according to the fiscal vector; the tax file was checked; the fees have been paid in accordance with the amounts declared.

4. Case studies on internal control of accounting

Example No. 1

At a company on the occasion of the closing works of the financial year 2022, the economic director finds the existence of material errors related to the current year, as follows:

1. nu an invoice for the purchase of a laptop worth 2,500 lei was registered;

214 = 404 2.500 lei

2. no invoice was registered for services provided to third parties, in the amount of 3,000 lei;

4111 = 704 3.000 lei

3. there was no electricity bill in the amount of 2,000 lei;

605 = 401 2.000 lei

4. the profit tax was not registered according to D 101, in the amount of 2,500 lei.

691 = 4411 2.500 lei

5. there were no increases compared to suppliers in the amount of 2,000 lei.

6581 = 401 2.000 lei

6. the salary of an employee in the amount of 4,000 lei was not registered;

641 = 421 4.000 lei

7. the annual depreciation of the cars was not registered, in the amount of 3,000 lei;

$$6811 = 2813 \quad 3.000 \text{ lei}$$

8. no prescribed debts in the amount of 4,500 lei were removed from the record;

$$401 = 7588 \quad 4.500 \text{ lei}$$

9. an invoice for the purchase of goods, worth 15,000 lei, was registered twice;

$$371 = 401 \quad - 15.000 \text{ lei}$$

10. the electricity related to the spaces rented to third parties, in the amount of 2,000 lei, was not re-invoiced;

$$4111 = 708 \quad 2.000 \text{ lei}$$

11. no late payment penalties were invoiced, related to unpaid rent invoices, in the amount of 3,000 lei;

$$4111 = 7581 \quad 3.000 \text{ lei}$$

12. the internet invoice worth 1,500 lei was not registered;

$$626 = 401 \quad 1.500 \text{ lei}$$

Example No. 2

At a company during the closing work of the financial year 2022, the economic director shall find that there are material errors for the previous year, as follows:

1. nu a phone purchase invoice worth 2,000 lei was registered:

$$303 = 401 \quad 2.000 \text{ lei}$$

2. there was no invoice for the sale of goods, in the amount of 3,000 lei:

$$4111 = 1174 \quad 3.000 \text{ lei}$$

3. there was no invoice for repairs of the company's car, in the amount of 2,000 lei:

1174 = 401 2.000 lei

4. no income tax was registered according to D 100, in the amount of 1,500 lei:

1174 = 4418 1. 500 lei

5. there were no interest on late payment to the state, in the amount of 2,000 lei:

1174 = 4481 2.000 lei

6. the salary of an employee in the amount of 3,500 lei was not registered:

1174 = 421 3.500 lei

7. for the accommodation and daily allowance expenses at the time of the inspection, the travel statement was submitted, in the amount of 2,000 lei:

1174 = 542 2.000 lei

8. the depreciation of computers in the amount of 4,000 lei was not recorded:

1174 = 2814 4.000 lei

9. the lack of goods in the amount of 5,000 lei in the inventory was not recorded:

1174 = 371 5.000 lei

10. no prescribed claims in the amount of 3,500 lei were removed from the record:

1174 = 4111 3.500 lei

11. an invoice for the sale of goods worth 10,000 lei was registered, twice:

$$4111 = 1174 \quad -10.000$$

12. no rents related to the spaces rented to third parties, in the amount of 5,000 lei, were invoiced:

$$4111 = 1174 \quad 5.000 \text{ lei}$$

5. CONCLUSIONS

The main procedures of internal control are: internal control by inventory, control of receipt of goods, control of the way of completion and use of justifying documents, control of the correct organization and management of accounting, internal control of the verification balances, capitalization of the findings of internal control.

The main tasks of the internal control related to the organization of the accounting records are focused on the way in which the implemented accounting information system corresponds to the legal regulations and the specific characteristics of the respective entity

As a result, internal control over accounting involves tracking how to ensure:

- the recording of operations in documents and their entry in the accounting books;
- verification of the consistency between accounting information and reality by means of inventory;
- checking the correctness of the accounting records, with the help of verification balances;
- the synthesis and generalization of accounting information, with the help of financial statements.

With regard to the accounting system in the entity, internal control shall monitor the quality of information and in particular, whether the following criteria are met: completeness and integrity of records; the reality of the recordings; accuracy of records

Errors found as a result of the internal control of the accounts may relate either to the current financial year or to previous financial years.

The correction of errors found during the internal control is made on the date of their finding.

If the errors are related to the current financial year, their correction is made on behalf of the profit and loss account (class 6 / class 7).

The correction of significant errors related to previous financial years is made on account of retained earnings (1174).

Correction of insignificant errors for previous financial years shall also be corrected on account of retained earnings. However, according to the approved accounting policies, insignificant errors can be corrected on behalf of the profit and loss account.

In the notes to the financial statements, additional information on the errors found must be presented.

The internal control department verifies with the accounting department at the beginning of each fiscal year, the classification in the size category according to the indicators in the balance sheet and establishes the manner of accounting and tax reports according to the legal provisions.

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