

THE MINISTRY OF NATIONAL EDUCATION
UNIVERSITY "1ST OF DECEMBER 1918" ALBA IULIA
DOCTORAL SCHOOL OF ACCOUNTING
ACCOUNTING DOMAIN

DOCTORAL THESIS
SUMMARY

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**ELEMENTS TO SUBSTANTIATE THE AUDITOR’S OPINION IN
AUDITING THE FINANCIAL STATEMENTS**

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Key words: audit, financial audit, audit of financial statements, audit opinion, financial auditor's report, financial scandals, economical – financial crisis, users of financial – accounting information, professional judgment, professional skepticism, behavioural skills, need for cognition.

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INTRODUCTION

Actual Context of Research

Over time, in the society's development the economy has represented one of the basic factors which made possible its evolution, being influenced by all the changes that took place from a political, social and technological point of view, at its level. Being in the globalization era, these kinds of modifications, as compared to any other moment in the history, have a more direct and overwhelming effect on economy. In this regard, the need for real, accurate and complete information concerning the conducted activity by the parts implied within the economical process is more significant than ever.

Accounting is a branch of economical sciences with the help of which, following a complex process of data resulted from the economical activities, gives through financial statements information connected to the activity conducted by the entities involved within these activities. Another branch which supports the society and whose apparition is tightly connected to the accounting's evolution is financial audit, this offering an insurance concerning the degree of conformity of information provided by financial statements, with a general framework of reporting, according to which it was made, having the purpose of increasing the thrust level of the users in believing the information provided by these reports.

Following the auditing process of financial statements, the financial officer emits an opinion within the report of independent auditor and through this opinion; the users of provided information in financial reports make decisions connected to their own activity. Therefore, if as a result of the auditing process, the auditor does not identify significant distortions of the information provided by the financial reports, the opinion emitted in the independent auditor's report may be incorrect, and the users of these information will make decisions concerning the way in which they will conduct their activity according to this opinion, having the capacity of negatively influencing their decisions, may have repercussions even on economy.

The most evident and recent cases which questioned the activity developed by financial auditors, were the financial scandals at the beginning of the twenty – first century and the last economical – financial crisis, which was compared with the great economical crisis from the period 1929 – 1933. In these cases, the fact that the auditors fostered their happening, and the specialists and professional organisations in this domain internationally

organised different studies for identifying ways in which the activity of the auditors may be enhanced for responding to the new requirements of the society.

The conducted studies took into consideration aspects which led to certain modifications in the regulations on which the profession was based on, at the level of International Audit Standards, the Ethical Code of Professional Accountants, but they also led to adopting some new regulations at European level within the profession.

Theme Importance and Motivation for Accomplishing the Research

Scientific research pursued by the project of doctoral research, *Foundation Elements of the Auditor's Opinion in Auditing Financial Statements*, aims to approaching a theme of actuality whose objective is the identification of elements which may influence the fulfilling of the objectives of financial audit, respectively, emitting an opinion as a result of obtaining a reasonable insurance concerning the extent in which the financial statements contain significant distortions owed to fraud or error and the conformity of these aspects to the International Audit Standards. Starting from presenting the evolution of audit objectives, as well as the concept of audit, the identification of eventual vulnerabilities within the activities conducted by financial auditors is aimed, vulnerabilities which may occur in forming the audit opinion, analysing the elements which create and intensify these vulnerabilities, but also identifying the ways to combat and eliminate these effects for improving and increasing the trust of the users of financial – accounting information in the activity conducted by the auditor.

The elements of founding the auditor's opinion in auditing financial statements are developed by a series of authors in the specialty literature. Todea Nicolae and Stanciu Ionela Cornelia define financial auditing as being ¹ “a subject which outside the accounting sphere also implies juridical information, knowledge concerning economical and financial, mathematical, computer and ethical analysis. The explanation of pluridisciplinarity of financial auditing is given on one hand by the fact that this have to verify the conformity of financial statements with the reality, and on the other hand by respecting the principles, rules, criteria establishes for registering and presenting the accounting information”.

Due to this pluridisciplinarity of financial audit the auditor's opinion may be influenced in many perspectives, besides the ones enumerated above, political economy,

¹ N., Todea, I.C., Stanciu, Auditor Liability in Period of Financial Crisis, *Annales Universitatis Apulensis Series Oeconomica*, Volume 11, no. (1), 2009, p.218. [online] available on the website <http://www.uab.ro/oeconomica/>, accessed at [15.05.2017]

economical – financial analysis, the way of keeping accounting, implementation of creative accounting, applying the ISQCI quality standard in the proceedings underlying the way in which the audit entity conducts its activity, leadership of audit team, the auditor's professional judgment and skepticism, auditor's behaviour and respecting the ethical code. An example in this regard is emphasized by Mardiros Daniela, Dicu Roxana and Grosu Maria², according to whom the auditor's independence is a indispensable element in guaranteeing the objectivity of accounting information destined to its users, but which due to applying the techniques of creative accounting by the management, the auditor is subjected to a greater risk than usual. Therefore, the failure to detect the creative techniques, leads to a high professional risk, the way in which the auditor conducted the audit mission being questioned, and in the case in which the auditor discovers or is aware of the usage of accounting tricks, one must choose between losing a client or defending his/her reputation to the investors, thus being right at the edge of breaking ethical code.

In order to approach the proposed theme in an original way and which is to produce a certain degree of novelty, we have considered as necessary the analysing of an auditor most vulnerable point in fulfilling the objectives of his activity, respectively emitting the audit opinion, from the perspectives of more domains from the area of social sciences, which represent points of personal interest which were constantly studied and analysed along time, respectively, history, political economy, psychology, audit team's management and leadership, namely the behaviour of financial auditors. Due to the negative print that the last economical crisis had upon this profession, an analysis on the modifications within the profession that were generated by these is needed, and also identifying those areas within the auditor's activities which may be improved, therefore increasing the users' trust degree, users who are aimed in the activity conducted by auditors and reducing the discrepancy between what the public considers that the auditors make within an audit mission and what they actually do.

Following the analyses which are to be made for identifying the auditors' vulnerability points in fulfilling the objectives of their activity, respectively in emitting the audit opinion, determining the elements which have the greatest impact in developing these weaknesses and ways of refuting and eliminating these effects for improving and increasing the trust of the users of accounting – financial information in the activity

² D.N., Mardiros, R. M., Dicu, M. Grosu, *Dimensions of Auditor's Social Responsibilities, under the Conditions of Practicing Creative Accounting*, Financial Audit Magazine, Volume 13, No. 132 – 12/2015, p.42.

conducted by the auditor is sought. At the same determining the profession's tendencies of evolution and adaptability in the actual political – economical context is sought.

The Objectives of the Research Paper

The purpose of the scientific research is to identify possible elements, respectively vulnerabilities which may influence the auditor's activity in emitting opinions and based on these to determining the ways of eliminating them, for developing the trust of the users of financial – accounting information in the activity conducted by financial auditors and reducing the discrepancies between what the public considers that the auditors make within an audit mission and what they actually do.

For fulfilling this purpose, the objectives pursued in making the present scientific research are:

- Presenting some elements of apparition and evolution of audit for identifying the domain's vulnerabilities and their effects on the audit's objectives resulted from financial scandals triggered by different fraud cases, as a result of economical – financial crises, but also of the society's evolution and intensification of the world's economical activity
- Presenting the theoretical elements which underlie the audit activity and therefore underlying the issuing of auditor's opinion in the report of independent auditor
- Identifying new perspectives of developing financial audit in accordance to the requirements of a market economy being in continuous change
- Identifying eventual vulnerabilities in applying the professional skepticism and exerting professional judgment by financial officer, therefore also influencing the process of founding an audit opinion.
- Identifying the influence of behavioural abilities respectively the need for cognition of financial auditor on professional judgment and skepticism.

Identificarea elementelor de vulnerabilitate ale domeniului auditului financiar, având un efect, în cele din urmă, și asupra procesului de emiteră a opiniei de audit, respectiv în atingerea obiectivelor acestuia, iar apoi stabilirea posibilelor modalități de combatere a efectelor acestora.

The Hypotheses of the Research

Any research is based on the information provided by specialty literature and the legislation from the studied area, and innovation is created by implementing some research hypotheses, through which new tendencies of development and improvement of the conducted activity within the frame of the researched or studied domain may be identified.

Stating from the premise of relationship between behavioural and professional abilities of financial officers and the quality of their services, we have formed the next **general hypothesis:**

By having a set of specific behavioural and professional abilities, the development of the quality of conducted services is ensured by financial auditor, for founding an audit opinion within the report of the independent auditor.

In this regard, to the general hypothesis, the following work hypotheses are subsequent:

- the need for cognition influences the pursuit of financial auditor's professional judgment in the activity of auditing financial statements, thus influencing the opinion emitted by him in the report of independent auditor;
- the need for cognition influences the pursuit of financial auditor's professional skepticism in the activity of auditing financial statements, thus influencing the opinion emitted by him in the report of independent auditor;
- professional skepticism influences the pursuit of professional judgment of financial auditor in the activity of auditing financial statements, thus influencing the opinion emitted by him in the report of independent auditor;
- the financial auditor's professional qualification influences the appliance of skepticism and the pursuit of his professional judgment in the activity of auditing financial statements;
- the financial auditor's professional experience influences the appliance of skepticism and the pursuit of his professional judgment in the activity of auditing financial statements;

The Actual Study of Knowledge

Presently, the society in the globalization era, where all modifications which take place politically, socially and economically, influence the daily life of its citizens, audit is used as a procedure in the process of providing information, in order to increase trust

degree of the users of economical financial information in the information provided by the financial reports of the entities participant in this circuit. Thus, we can observe the importance of audit within the process of providing information needed by society.

Firstly, the audit concept is defined by DEX 2009 as “professional examination of certain information with the purpose of explaining a responsible and independent opinion in a report with a certain standard”³.

Specialists in this domain have contoured nationally different definitions which may be attributed to audit. Therefore, according to Feleagă Liliana and Feleagă Niculae “the audit represents the activity through which there are independently applied concrete proceedings and examination norms, for evaluating the adequate character and the way of functioning of the actions taken by an organisation by referring to norms”⁴.

Toma Marin states that “through audit, generally, one understands the professional examination of information effected by a competent and independent specialist in expressing responsible and independent information through reporting to quality criteria (standard/norm or a regulation)”⁵.

Starting from the definitions enumerated above, in our opinion, audit is a professional activity of examination, made by an independent professional, of information based on specific proceedings with the help of which this collects the samples necessary to founding an opinion concerning the degree of adequacy of the information analysed in accordance to a certain reference criteria.

Audit, together with the activity of supervising and corporative governance has to massively contribute to financial establishment because its role is of providing assurance concerning the truthfulness of financial health of all companies. The hardiness of audit is essential for re-establishing (safety and of) trust on the market, contributing to protection of investments and reducing the companies’ cost of capital.⁶

The purpose of audit is established within the International Audit Standard IAS 200.3, namely this is: to improve the degree of trust of the users aimed by financial reports.⁷

³ <https://dexonline.ro/definitie/audit>, accessed on the 15th of May 2017

⁴ L., Feleagă N., Feleagă, *Financial Accounting – an European and International Approach*, Volume 1, Infomega Pbs, Bucharest, 2005, p.161.

⁵ M., Toma, *Initiation in the Audit of an Entity’s Financial Reports*, 4th Editionm, revised and added, CECCAR Pbs, Bucharest, 2012, p.24.

⁶ A., Socol, *Financial Audit*, Didactical Series, Alba Iulia, 2017, p.28.

⁷ IAASB, IFAC, CAFR, *Manual of International Regulations of Quality Control, Audit Revising, Other Insurance Services and Connected Services*. Edition 2015 Volume I, Bucharest, 2016, ISA 200 3, p. 81.

At the level of Romanian legislation they are defined and conceived as financial audit or statutory audit. Therefore, OUG no. 75/1999, art. 1, defines financial audit as “the activity conducted by financial officers for expressing an opinion about financial statements or components of financial statements, exerting some missions of assuring and professional services, according to regulations connected to this domain.”⁸

According to Law 162/2017, art. 2, “statutory audit means an auditing of annual individual financial statements or of annual consolidated financial statements effected in accordance with the International Audit Standard to the extent that: a) it is mandatory based on European Union’s right or on internal right; b) is voluntarily effected to small entities and the audited financial statements are published together with the statutory audit report, according to Law”⁹.

Following these definitions outlined in the legislation, we can infer that the main difference between the statutory audit and financial audit is the compulsory of doing the first one. Therefore, an entity which meets the conditions required by law is obliged to make the audit of financial statements. In this regard, these have to be accompanied by the report of independent auditor which contains the professional’s opinion regarding the conformity of information of financial statements, with general frame according to which they were made. Financial audit may be requested in the moment in which the beneficiary considers that such a demarche is necessary.

The mandatory of auditing financial statements is applied to the entities of public interest and medium and big entities which surpass at least two of the following three criteria, two consecutive financial exercises, respectively: total of assets: 16.000.000 Ron; net turnover: 32.000.000 Ron; medium number of employees during financial exercise: 50¹⁰.

Presently, due to some events such as the financial scandals at the beginning of the twenty first century and the last economical – financial crisis, the society began to question the auditor’s activity and his role in certifying financial statements, but also the profession’s capacity to adapt to the requirements of modern society whose market economy is in a continuous change.

⁸ Government Emergency Ordinance no. 75/1999 concerning the activity of financial audit, with its subsequent completions and modifications, art. 1

⁹ Law 162/2017 concerning the statutory audit of annual financial statements and of annual consolidated financial statements and of modifications of legislation, art. 2.

¹⁰ Order of the Minister of Public Finance no. 1802/2014 for approving Accounting Regulations concerning individual annual financial statements and consolidated financial statements, with its subsequent completions and modifications

As a consequence resulted from these events, there have been initiated projects by the International Audit and Assurance Standards Board (IAASB) through which modifications have been made in the International Audit standards. The undertaken modifications aim the increasing of trust degree, but also the degree of understanding of the final users of information from financial statements in the activity conducted by the auditors, respectively reducing the discrepancy between what the auditor actually does within the missions and what the users consider that these actually do in the undertaken activity.

At the same time, the international professional organisms in the domain have realised studies through which the main directions have been outlined directions towards which the professions should be led in order to respond to the society's requirements, for increasing the degree of trust of final users in the activity made by the auditors. These directions refer to developing the auditor's technological and behavioural skills, but also of professionals' knowledge concerning the nature of the conducted activity by the audited entity.

THE METHOD OF SCIENTIFIC RESEARCH

For making a paper which analyses and determines elements which may influence the respecting of financial audit's objectives and the ones which could denaturize the process of founding an audit opinion in a professional way by the auditor, as a first step, the methodology of scientific research which is to be used must be outlined.

The word methodology origins from two Greek words *methodos* respectively *logos* which when translated they mean *method* and *science*, in other words, mixing the translation of the two words would mean the *science of method*, meaning choosing and using adequate methods within the elaborated scientific demarche.¹¹ The methodology of scientific research represents an assembly of principles, stages and phases, of methods, techniques and investigation instruments and scientific knowledge of economical phenomena¹².

Among the forms of accounting scientific research this scientific demarche may be framed in the positivist current of research. The purpose of positive research was outlined

¹¹ I. Cenar, *Methodology of Scientific Research in Accounting Course Notes*, didactical Series, Alba Iulia, 2010, p.26

¹² G. Răboanca, M. Comșa, D. Ciucur, *Methodology of Economic Scientific Research*, Romania Tomorrow Foundation Pbs, Bucharest, 2007, p. 242

by Auguste Comte according to whom “the true positivist spirit consists especially in seeing for foreseeing (voir pour prévoir, fr.), in studying for concluding what is to happen, according to general dogma of invariability of natural laws”.¹³

In this regard addressing the research in a critical and interpretative manner, the identification of aspects which may intervene and influence the reaching of financial audit’s objectives is pursued. Starting from presenting the evolution of audit’s objectives, but also of audit concept, of theoretical elements which found the financial audit and of modifications brought to this profession along the time, the identification of vulnerabilities which may occur in emitting the audit opinion by the financial officer are pursuit, analysing the aspects which create these vulnerabilities, but also we pursuit the identification of ways to eliminate these effects for improving and increasing the trust of the users of accounting- financial information in the activity conducted by the auditor.

Temporally, the methodology of research used for drafting the first chapter is the longitudinal one, through which it is pursuit the audit’s apparition and time evolution, respectively its objectives and concept, having the purpose to emphasize the fact society’s evolution and unfavourable events happened along the time, such as economical – financial crises, have led to its influence and modification.

The main methods used for touching the objectives of the present scientific demarche both suppose a quantitative analysis as well as a qualitative analysis. Thus, for the qualitative analysis, information is collected as a result of studying the specialty literature, national and international norms, the legislation which regulates the activity in the field of audit and of research projects carried out by international professional bodies in this field, and for the quantitative analysis empirical studies are made for identifying the eventual vulnerability elements in emitting the audit opinion and the ways to combat their effects, analysing the main general landmarks in making an audit mission, respectively the financial auditor’s professional skepticism and judgment.

The scientific demarche of theoretical perspective supposes a deductive approach, starting from emphasizing the general elements to the peculiar ones, respectively from presenting the evolution of audit’s objectives and concept, presenting the theoretical an national and international aspects at the base of this domain. In this case, the used proceedings and techniques are: study of bibliographical material, both nationally and internationally, represented by journal articles and international data bases, books,

¹³ I. Ionașcu, *Dynamics of Doctrines of Contemporary Accounting. Studies Concerning Paradigms and Accounting Practices*, Economical Publishing House, Bucharest, 2003, p.77.

legislation specific to studied domain and the International Audit Standards, internet pages of different national and international professional bodies from the field of accounting and financial audit, respectively of the information provided by research projects made by different organisations, for identifying development perspectives for this profession, for meeting the market's new requirements, but also using figures for a better interpretation and synthesizing of information, comparisons of modifications brought to audit reports, even making a SWOT analysis on the modifications of contents brought to these reports.

The scientific demarche of the perspective of empirical research is made through study cases and supposes an inductive approach, starting from emphasizing peculiar elements resulted from conducted studies, presenting conclusions with general character which may be concluded. In this case, the utilised proceedings and techniques in chapter two, for processing data from the annual reports concerning the annual activity of the Chamber of Financial Auditors, was presenting the information analysed through charts, and in chapter three a practical case was presented, respectively the judgment had by the auditor in conducting the audit mission, for studying the audit mission, through studying the way of completing the balance sheet.xls this file being the main element of the program of financial audit mission, influencing each section within.

At the same time, we have made a qualitative and quantitative empirical research which supposes an inductive empirical approach through a questionnaire for verifying the established work hypotheses, which supposes identification of the measurement in which an important element for decision making such as the need for cognition may influence the appliance of professional skepticism and exerting the auditor's judgment in the activity of auditing financial statements, therefore influencing the opinion emitted by the auditor in the report of the independent auditor report. After the descriptive analysis of the questionnaire's data the possibility of existing this influence is verified by applying a linear regression model on the scores obtained for each of the three analysed parts, respectively the need for cognition, professional judgment and skepticism. At the same time, we will analyse the possibility of preparation influence, qualification and professional experience on professional judgment and skepticism.

In this case the utilised proceedings and techniques are: statistical data collecting and processing, questionnaire addressed to auditors, SWOT analysis, even the possibility of introducing an econometric model. The obtained data will be emphasized by figures, charts, structural schemes and tables, for synthesize and emphasize the results of the research, whose aim will be facilitating the understanding and learning the information.

As a result of all the undertaken studies an analysis of the results will be made in order to point out the possible vulnerability elements identified in emitting the audit opinion and determining the ways to combat their effects.

SYNTHESIS OF THE MAIN PARTS OF THE DOCTORAL THESIS

Within the circuit of financial – accounting information, in order to be able to provide assurance to aimed users concerning their credibility, in the accounting area an instrument which supports these needs has been created, respectively financial audit. Being in the globalization area and at the edge of a new technological revolution, the expectation in which these assurances may be provided by financial auditors is in continuous change.

In this regard, for identifying the eventual vulnerabilities which may presently influence the activity of financial auditor in emitting his opinion and based on these, the determination of the modalities for eliminating them for developments of the trust of final users of the financial – accounting information and reducing the discrepancy between what the public believes that the auditors do in an audit mission and what they actually do, we have considered as opportune, the structuring of our scientific demarche in five chapters, which firstly theoretically founds the approached theme and then practically, it researches the established general objective.

In *Chapter 1 Audit's Defining and Evolution Elements* we have consider as necessary the realisation of an analysis from historic and etymological point of view of the approached theme, because identifying certain answers in reaching the objectives of scientific research may be taken from the events which happened in the past.

For identifying eventual vulnerabilities elements in the activity conducted by financial auditors, the first realised step was to define the concept of audit by presenting the etymological aspects connected to audit word.

In our opinion, the etymology of the audit word kept the essence of its initial signification of listening, respectively oral examination, of verifying but of course this concept was adapted along the time, according to the needs of the society and by its applicability in the economical activities.

The first national specialty paper which approaches the foundation of audit defines audit as “a process undertaken by physical or juridical persona legally authorised named auditors, through which information is professionally analysed and evaluated, information connected to a certain entity by using specific proceedings and techniques for obtaining

proof, named audit samples based on which the auditoria emit in a paper named audit report, a responsible and independent opinion by applying evaluation criteria which result from legal regulations or from a good practicing unanimously recognized in the field in which the audited entity conducts its activity.”¹⁴

In presenting the audit’s evolution, a first important step was defining the way in which the need for audit appeared in society and which were the first methodological forms used in conducted the activities if the audit’s field and then if there were certain historic, economical or political events which let to modifying the audit’s objectives, sequencers and people who applied it.

In the period from the ancient era till the beginning of the eightieth century, the audit was made at the requirement of the state and the Church, and its main objective was to discover and punish the people which caused prejudice on the detained fortune in order to protect it.

In the period between the eightieth century till the half of the ninetieth century the main objective of audit was stopping and obstructing fraud and punishing the people who generated these frauds, but also identifying the best solutions for protecting the fortunes, respectively the patrimony, and at the end of this period the objective of attesting financial statements was introduced. At the same time, audit was made at the requirement of the state, courts and shareholders.

In order to identify the main directions that this profession took both legislatively but also organisationally, respectively for identifying eventual modifications of the contents of the audit’s objectives, we have considered the realisation of a distinct analysis of the second half of the ninetieth century as being necessary.

In the first part of the period, the auditor became the main responsible in detecting fraud or errors. Frauds or errors in this period have become the main factors in causing bankruptcy. Therefore, auditing the accounts of the society of public interest would become mandatory. At the end of the period, the main modification brought upon the audit as a result of fraud cases in Great Britain, was the transfer of the responsibility of detecting all frauds and errors to the management of the audited entity.

In this regard, we could ascertain the fact that the modifications brought at the level of the domain were owed to the society’s evolution, to the modifications of the public

¹⁴ M., Boulescu, M., Ghiță V., *Audit’s Fundamentals*, Didactical and Pedagogical Pub House, Bucharest, 2001, p. 11

expectations regarding the information provided by entities and to solving different financial fraud cases in courts.

The last analysed point in this chapter was addressed to the period at the beginning of the century until the present time, in order to identify if and how the unfavourable events happened at the level of the economy have influenced the activity conducted by financial auditors because due to global development of the economical activity, the intensity of these events was more frequent than in other analysed period.

We could observe that in the last one hundred years of economy's history, the influence that economical – financial crises and financial scandals had on the evolution of audit and accounting, but at the same time, the role that these two professions played in their engendering. The most eloquent cases are: The Great Depression 1929 – 1933 and the last crisis in 2007, both being economical – financial crises which had a great impact on the world, but also the financial scandal Enron from 2000, which conducted at the disappearance of one of the most important audit companies in the world, Big Five becoming Big Four. Presently, in the field of the audit the International Audit Standards have been revised because of the economical – financial crisis with the purpose of reestablishment and consolidation of the trust of the final users of financial – accounting information in the activity conducted by the auditor and the information he provides. In this regard the main modifications were brought to the independent auditor's report.

The objective aimed in writing the *second chapter Basic Concepts in Financial Audit* was presenting the theoretical elements which underlie the audit activity and consequently the process of emitting the auditor's opinion in the independent auditor's report.

In this regard, the first approached aspect was the audit's typology because through this we can infer the complexity of this domain. Therefore, the good development and smooth running of any economical activity may be sustainable by applying audit according to ne needs of those involved in conducting these activities.

At the same time, other aspects approached in this chapter were the necessity, the role and the objectives of financial audit. Therefore, the audit need is justified through the need of an independent external person of offering a level of assurance to the people who rely on the information offered by financial statements, offering them a high degree of trust and credibility in order to be used in decision making.

The role of an auditor is also the one of increasing the users' trust in accounting information, of bringing a plus of safety that the accounting information was obtained

treated and presented in accordance to the standards and the principles which are generally accepted (for example if we refer to financial statements of synthesis, their financial audit consists in establishing the degree in which the financial statements fulfil their main objective of respecting a trustworthy image of patrimonial report, of the obtained results etc.)¹⁵

Another important objective which we must present in order to reach the objective we set is represented by auditor's general objectives. Therefore, according to ISA 200.11¹⁶:

- to obtain reasonable assurances concerning the extent to which the financial statements as a whole do not contain significant distortions, due either to a result of fraud or error, thus allowing the auditor to express an opinion concerning the extent to which financial statements are made under all significant aspects in accordance with the applicable frame of financial reporting;
- to report and communicate regarding financial statements in the way that IASs stipulate in accordance to the auditor's conclusions.

Starting from the auditor's main general objective, respectively this has to get reasonable assurances concerning the fact that financial statements do not contain significant distortions owed to fraud or error and analysing its content we have considered as opportune the outlining of the auditor's limits and responsibilities in the conducted activity.

The auditor is responsible for detecting significant fraud and errors, respectively illicit, this fact actually emphasizing the importance of erecting professional judgment and applying professional skepticism during the audit mission because these are the main instruments through which a professional may identify such inaccuracies.

We have historically analysed the evolution and apparition of audit, not only internationally but also nationally, both as activity and as profession, in order to establish the moment in which it was founded in Romania, under what conditions it was founded, which were the factors which led to its apparition and if it was influenced by the audit's international evolution. At the same time we have also analysed the activity conducted by the Chamber of Financial Auditors in Romania relying on the annual reports made available by the site of this organisation.

¹⁵ L., Dobroţeanu, C., L., Dobroţeanu, *Audit. Concepts and Practices. National and International Approach*, Economical Pub House, Bucharest, 2002, p. 27

¹⁶ IAASB, IFAC, CAFR, *Manual of International Regulations and Quality Control, Audit Revision, Other Assurance Services and Connected Services. Edition 2015 Volume I*, Bucharest, 2016, p.83

The last analysed aspect was applying and respecting the Ethic Code of Accounting Professionals because it represents an important instrument through which the accounting professionals may act, assuming responsibility in the public's interest, contributing to the increase of users' trust degree in the activity conducted by auditors.

Chapter 3 Methodology of Conducting the Missions of Financial Audit had in the foreground from a theoretical point of view, the main activities conducted by financial auditor within the process of auditing financial statements, especially based on the stipulations of the International Audit Standards.

These stages refer to preliminary activities afferent to audit missions, audit planning, establishing the significance threshold, identifying and evaluating risks with significant distortion, respectively audit samples and proceedings used for their identification.

The stipulations concerning the way in which the first stage may be applied are given by ISA 201 standard *Agreement on Terms of Audit Missions*. Thus, it establishes the fact that the auditor's objective is the one of accepting and continuing an audit mission only when the base on which the mission is effected was accepted through establishing the existence of preliminary conditions for auditing and confirmation of the fact that there is a common understanding concerning the terms of the audit mission between the auditor and leadership and depending on the case, people responsible with leadership.¹⁷

According ISA 300.2, planning an audit implies establishing the general strategy of audit of the mission an elaborating an audit plan, respectively updating and modifying audit's general strategy and audit plan, depending on the case, during auditing.

Concerning the significance threshold, the difficulty of its establishment is given by the qualitative aspects which may influence the level of this indicator in a certain extent. More exactly, for applying the quantitative method, the main decision for which the auditor has to exert the professional judgment is choosing the significance threshold and the second decision refers to the percentage which will be applied upon this mark.¹⁸

Identifying and evaluating the risks of significant distortion are presented within 315 standards (Revised). According to point 3, auditor's objective is to identify and evaluate risks of significant information distortion owed either to fraud or error, at the level

¹⁷ IAASB, IFAC, CAFR, *Manual of International Regulations and Quality Control, Audit Revision, Other Assurance Services and Connected Services. Edition 2015 Volume I*, Bucharest, 2016, p. 113

¹⁸ I., E., Popa, G., A., Şpan, *Influencing Factors in Romanian Auditors Decisions concerning the Significance Threshold*, Financial Audit Magazine, no.12/2013, pp. 45 – 52.

of financial statements and assertions, by understanding the entity, hence providing a base for elaborating and implementing answers at the evaluated risks of significant distortion¹⁹.

In order to obtain a reasonable assurance on the fact that financial statements do not contain significant distortions and that these have been made in accordance to the general framework of specific financial reporting, conclusions underlying the opinion issued by the auditor within the auditing report are based on audit samples which must meet the characteristics of being sufficient and adequate in order to be plausible for foundation of these conclusions, being obtained as a result of procedures established by International Audit standards such as: inspection, observation, external confirmation, re calculation, repeating the execution, analytical procedures and interviewing.

Practically, after the phase of preliminary activities and of accepting the audit mission, through the stage of audit planning, the auditor starts the process of auditing financial reports through fulfilling the audit mission. In this regard, we have consider as opportune the presentation of making the balance sheet.xls (the most important sheets – paper sheets), because practically it represents the file which underlies the program of the audit mission.

Lastly, the last stage within the process of auditing financial statements is analysing conclusions which the auditor reached based on the audit samples he collected during the audit mission, and following this, establishing the type of opinion which characterises financial reports, according to the identified significant distortions and their impact on the information supplied in the financial reports and then making the report of independent auditor which is to contain all this data, respecting the form given by the international Audit Standards.

We have also presented the modifications which took place at the form and content of the audit report, due to implementation of new stipulations of the International Audit Standards, which aimed the increasing of trust of the final users of financial reports in the activity conducted by financial auditors, respectively in the information they provided.

In ***chapter 4 New Perspectives of Developing Financial Audit in Accordance with the Requirements of a Market Economy Being in a Continuous Change*** we have made an analysis whose objective was identifying new development perspectives of financial audit in accordance with the requirements of market economy being in a continuous change.

¹⁹ IAASB, IFAC, CAFR, *Manual of International Regulations and Quality Control, Audit Revision, Other Assurance Services and Connected Services. Edition 2015 Volume I*, Bucharest, 2016, p. 283.

In this regard, we have analysed the studies made by authorized professional organisms in this domain, which brought into discussion at the profession level, the tendencies of development needs towards which this should be directed in order to meet the expectations of the society, for increasing the users' degree of the trust in the activity conducted by the auditors. Therefore, the tendencies of the identified development needs are mainly directed towards the necessity of approaching in a more complex way than the present one, both theoretically and practically the applicability of skepticism and exerting professional judgment of auditor and at the same time, his behavioural and technological skills, for being able to respond to development and applicability of new technological tendencies within the audit process, but also for being able to realise any other complex activities, different from the ones in the present.

At the same time, we wanted to make an analysis following which to identify the eventual vulnerabilities in applying professional skepticism and exerting professional judgment by financial auditor, therefore influencing the process of creating the audit opinion.

The auditor's professional judgment is one of general marks taken into account in conducting the auditing mission. The vulnerability of this element is given by the fact that this can be influenced besides the knowledge and experience accumulated by the auditor, also by his skills. A good example in this regard is presented through the Development Probability Model, according to which the auditing environment may influence the auditor's attitude, this also being affected by his capacity of getting involved in situations which require this effort, in approaching each problem which needs a high cognitive effort.

Professional skepticism represents a reserved attitude which financial auditor must keep along the whole process of auditing financial reports, it being developed according to his professional experience and education, trying to identify the existence of possible fraud or error within the analysed information. Professional skepticism is not only an ability of the professional but also it may be developed with the help of training and professional experience, respectively an auspicious work environment in order to be gained.

Application of professional attitudes and judgment in the cognitive process, as we have shown, is influenced by the nature of the problems analysed in the process, as well as by the auditor's capacity and willingness to approach each problem according to necessity, with the highest degree of mental effort. In the specialty literature, respectively in the psychological field, a behavioural skill was identified which indicates this capacity of a person and its willingness to involve with pleasure in approaching the problems which

need a higher degree of cognitive effort, this ability starting to be also used in researches in the behavioural accounting field, respectively the need for cognition.

Within the last *chapter 5 Study Case Concerning the Identification of Elements which May Influence the Opinion Issued by Financial Officer, Respectively the influence of the Need for Cognition on the Professional Skepticism and Judgment*, for fulfilling the general objective of the paper namely the one of identifying the possible elements, respectively vulnerabilities which may influence the auditor's activity in emitting the opinion and based on these determining the ways of their elimination for developing the final users' trust of financial – accounting information in the activity conducted by financial officers and reducing the discrepancy between what the public considers that auditors do within an auditing mission and what they really do, we have consider as being adequate the application of a questionnaire addressed to financial auditors in Romania, members of the chamber of Financial Auditors, concerning the extent to which an important behavioural ability in decision making, such as the need for cognition, may influence the appliance of professional skepticism and exerting the auditor's judgment in the activity of auditing financial reports.

GENERAL CONCLUSIONS, OWN CONTRIBUTIONS, LIMITS AND PERSPECTIVES OF THE RESEARCH

General Conclusions

Being in the globalization era and at the beginning of the fourth industrial revolution which represents the transition from an automated industry to a digital one by merging more technologies among which we remind artificial intelligence. The evolution of the society leads to apparition of new needs which must be fulfilled, no matter the analysed domain which underlies its functioning. This aspect is also valid in financial auditing.

In the last years more tendencies of development have been shaped through which the financial auditor should be led. Among these we infer the need of developing technological and behavioural skills of the auditor, also emphasizing the development of knowledge of financial auditors concerning the nature of the activity conducted by the audited entity and especially on the analysis and the need of a more detailed and concrete shaping of the way of founding professional judgment, its exertion and applying professional skepticism.

The new industrial revolution will modify the activity conducted by financial auditors, automating especially through artificial intelligence, the process of auditing financial statements. Even if these proceedings will reduce the activity which the auditor is presently conducted, the decisions concerning the shaping of conclusions based on which the audit opinion will be founded, will be made by exerting professional judgment and skepticism. Therefore in order to answering these requirements we need to point our attention firstly towards the development of professional judgment of financial auditor and his capacity of applying professional skepticism, starting from identifying these elements which can influence them.

The paper is structured in five chapters.

In *chapter 1. Audit's Defining and Evolution Elements* in order to be able to founding the general objective of the present scientific paper, we have chosen as a first step, the defining of the concept of audit and presenting the historical evolution of the researched domain, having the purpose of identifying certain lessons from the past mistakes of the field, for anticipating the future possible directions which it goes to.

As a result of analysing the audit concept and national and international specialty literature, we have succeeded to shape the next definition: *the audit represents a systematic and procedural examination of obtaining corresponding evidence, acquired by an independent professional, for offering an opinion on the conformity of the provided information by the informational system of an entity with different general frameworks of financial reporting.*

After analysing historical evolution we have observed the fact that the audit developed in parallel the accounting evolution, this being a necessity to verify and certify the way in which the accounting was made, in order to protect the fortunes respectively the patrimony against the possible error or fraud.

Starting from the antique period until the beginning of the eightieth century, the auditing was made at the requirement of the state and church, and for protecting the fortune, the main objective was discovering and punishing the people who caused prejudices to these.

Modifications within the profession are registered in the period at the beginning at the eightieth century until the half of the ninetieth century due to intensification of economical activities. Auditing was made at the request of the state, courts and shareholders, the audit's main purpose was stopping and obstructing fraud and punishing

the people who generated these fraud, but also identifying the best solution for protecting treasures, respectively the patrimony.

A period of important changes at the level at profession was between 1850 – 1900, being introduced the mandatory of accounting auditing for the entities of public interest. The followed objectives were fraud or error detection and certification of balance sheet and the auditing was made at the request of the state or of shareholders by the professional accountants or attorney.

Another event which generated changes at the level of profession was the one at the beginning of the twentieth century, respectively the Great Economic Crisis from the period 1929 – 1933. As a result of the effects generated by these, the New York Stock imposed to the listed entities to impose and present financial reports certified by an independent accountant and to annexe the audit report by an independent auditor.

Until the end of the twentieth century the modifications of the profession owed to intensifying economic activities worldly, being an effect of globalization.

Financial scandals at the beginning of the twenty first century as well as the last economic – financial crisis, led to questioning the auditor's activity and his role in certifying financial reports.

As a response for obstructing these effects on the profession, the IAASB committee has started projects after which it has implemented modifications on the International Audit Standards. These aimed firstly the report of independent auditor, in order for the information to be presented by the statutory auditor to offer the users a wider image on the significant aspects met by auditor and on his responsibilities in the process of auditing financial statements. In our country, these modifications have been implemented starting with auditing the financial statements afferent to financial exercise on 31.12.2016.

All these actions aim the increasing of the trust degree of the final users of financial reports in the activity conducted by auditors, in order to diminishing the discrepancy between what the auditor actually does in an auditing mission and what the users think that this activity should offer.

Chapter 2. Basic Concepts in Financial Audit was consisted for founding the main theoretical aspects connected to the activity of financial auditing.

The presented basic concepts were the typology of audit, the necessity, role and objectives of financial auditing, the responsibilities of the auditor and the limits met in the

conducted activity, the audit activity in Romania and applying the Ethical Code of Professional Accountants.

For presenting the activity of financial auditing, we have started by shaping the history of this activity in Romania, legislation which underlies its basis and an evaluation of the activity of the Chamber of financial Auditors in Romania by analysing the activity annual reports of the Chamber.

Underlying the activities conducted by accountants there is the objectives of acting, assuming the responsibilities in the public's interest. In order to fulfil this objective, the professionals must respect and apply the Ethical Code of Professional Accountants.

Just like the International Audit Standards the Ethic Code is also subjected to some modifications in order to improve the way in which the auditor practically applies the ethic behavioural, improves and adapts it to the different situations with which the auditors presently confront. This is one of the instruments through which the increasing the trust degree of the users in the activity conducted by auditors.

Through *chapter number 3 Methodology of Conducting the Missions of Financial Audit* we have also theoretically shaped the main stages developed by financial auditor in the process of auditing financial statements, underlying the appliance of the International Audit Standards and of the Ethical Code.

Within the first conducted activity, respectively the preliminary activities of the auditing process the professional establishes the possibilities of accepting and effecting or not an auditing through analysing their own skills and abilities in fulfilling the objective of the auditing process of financial reports in the best conditions, and in the case in which the mission is accepted and the terms of the mission between the audit entity and the audited one through mission letter.

The next conducted stage is planning the mission which offers the financial auditor the possibility of establishing a structure of the activities which are to be undertaken, the foreseen initial aspects during the mission or whenever this is necessary.

At the same time, the auditor has to determine the significance threshold, which represents a value established by him by applying professional judgment, and any identified distortion which surpasses this value has the consequence of needing a wider evaluation of operations which underlie its foundation.

Another activity which leads to fulfilling the audit's objectives is identifying and evaluation of risks of significant distortion.

The last stage of the mission supposes the analysing of conclusions to which financial auditor has reached based on the collected audit samples during the auditing missions. Therefore, the auditor may establish the type of opinion which offers an image of the information provided by financial statements within the independent auditor's report.

Within this chapter we have also made a study case by describing the ways in which the financial auditor makes the file which underlie the program used by financial auditor for fulfilling the mission, respectively balance sheet.xls. with the help of this file, data such as the balance of verifying the current and previous exercise is processed, sharing the balance sheet according to mission's section, verifying the balance sheet and loss and profit account, determining the control risk and inherent risk, determining the significance threshold, evaluating the significance threshold according to the established significance threshold and determining the sample for affirmation from financial statements.

This file is made by respecting the stipulations of the *Guide for a Quality Auditing*, influencing each section of the mission, underlying the conducting of auditing mission in auditing financial statements. If the auditor will identify certain irregularities in the activity of the audited entity during the auditing mission, then some values may be changed, such as significance threshold of the specific inherent risk, respectively the specific control risk afferent to each section.

In order to make ***chapter no. 4 New Perspectives of Developing Financial Audit in Accordance with the Requirements of a Market Economy Being in a Continuous Change*** we took into consideration the fulfilment of the next two objectives: identifying new development perspectives of financial auditing in accordance to the requirements of a market economy being into a continuous change, respectively identifying possible vulnerabilities in applying professional skepticism and exerting professional judgment by financial auditor, thus also influencing the process of founding the audit opinion.

Based on the studies realised by international professional organisms in this domain, new development tendencies have been identified, through which the profession should be led in order to respond to the requirements of the society in order to increase the trust degree of final users in the activity conducted by financial auditors, but also the vulnerabilities of the domain and possible solutions which must be implemented for eliminating these weaknesses.

The identified directions refer to developing the technological and behavioural skills of the auditor, respectively the professional judgment and skepticism and of professionals' knowledge concerning the nature of the activity conducted by the audited entity.

The vulnerable general marks of the audit which determine the whole auditing process of financial statements are professional judgment and skepticism. These may be improved by developing a certain type of behavioural abilities and professional competences by auditors, but also with the help of a professional environment built in the auditing entity which facilitates the adaptation of auditors to these new requirements.

Such a behavioural skill is the need for cognition which represents the tendency of an individual to involve pleasantly in activities which suppose cognitive effort. Owning this ability by the financial auditor may assure the increasing of the quality of the activity conducted by financial auditors in the whole auditing process of financial statements.

Chapter 5. Study Case Concerning the Identification of Elements which May Influence the Opinion Issued by Financial Officer, Respectively the influence of the Need for Cognition on the Professional Skepticism and Judgment, was founded having into consideration the next two objectives: identifying the influence of behavioural skills, respectively the need of cognition of the financial auditor on the professional judgment and skepticism and identifying the vulnerabilities elements of the domain of financial audit, finally having the effect on the process of emitting the audit opinion, respectively in touching its objectives, and then establishing the eventual combating the modalities of obstructing their effects.

In this regard, in order to fulfil the established objectives, this chapter was based on realising a study by applying a questionnaire addressed to financial auditors in Romania. The purpose of the questionnaire was the one of identifying the extent to which an important element for decision making, such as the need for cognition, may influence the application of professional skepticism and exerting professional judgment by financial auditor in the activity he conducts.

The questionnaire was addressed to financial auditors who are members of the Chamber of Auditors of Romania, who conduct their activity in the next regions: Central Headquarter Bucharest, North – Western Development area with its regional representative in Cluj-Napoca, East-South-East Development area having its regional representative in Iași. Central Development area having its regional representative in Braşov, Western

Development area with its regional representative in Timișoara and East-South-East Development area with its regional representative in Constanța.

The sample was consisted in a total amount of 210 people, summing 35 professionals from each regional representative.

A number of 116 financial auditors have responded, registering a ratio of 55,24% being considered as acceptable from a statistically point of view.

The questionnaire is consisted in four parts. The first part enclosures general data concerning the respondents and the next three contain ways of establishing professional judgment, professional skepticism and respectively the need of cognition in the case of each respondent. The applied models are applied, tested and validated by different specialists in this domain.

Through the first part of the questionnaire, getting new general data connected to respondent financial data was desired, such as: professional education of respondents, professional qualification of financial auditors, professional experience of the respondents, regional CEFR representative afferent to the development area from which the respondent are, the respondents' statute in CAFR register and the gender of the respondents.

In order to reach the purpose of the questionnaire, through the programme of SPSS statistical processing have been established and tested six work hypotheses, using the linear regression model.

The tested work hypotheses were:

- the need for cognition influences the exertion of the financial auditor's professional judgment in the activity of auditing financial statements, therefore influencing the opinion emitted by this within the report of independent auditor; - VALIDATED.
- the need for cognition influences the appliance of the financial auditor's professional skepticism in the activity of auditing financial reports, therefore influencing the opinion emitted by him within the independent auditor's report; - VALIDATED.
- professional skepticism influences the exertion of the professional judgment of the financial auditor, in the activity of auditing the financial statements, thus influencing the opinion issued by him in the report of the independent auditor; - VALIDATED.
- financial auditor's professional training influences the appliance of skepticism and exerting his professional judgment in the activity of auditing financial statements; - INVALID.

- financial auditor's professional qualification influences the appliance of skepticism and exerting his professional judgment in the activity of auditing financial statements; - INVALID.

- financial auditor's professional experience influences the appliance of skepticism and exerting his professional judgment in the activity of auditing financial statements; - VALIDATED.

We can conclude in the case of our study after the realised analysis, the fact that both a behavioural skill such as the need for cognition may influence the exerting of professional judgment and skepticism during the auditing process of financial statements but also the financial auditor's professional experience.

In the case of testing new possible influence of professional training and qualification on forming professional judgment and skepticism of financial auditor, the results of our study had not registered such an influence. A negative obtained result may be due to the limits of the implemented study. By developing a more complex study, such influence may be identified.

The lack of an influence of training and professional qualification of financial auditor on professional judgment is owes to the five cases which underlie the model. Perhaps the appliance of o more complex model may identify such an influence. Lack of an influence upon professional training and qualification of financial audit on professional skepticism is owed to the fact that this is an ability of the financial auditor and it cannot be affected bu his professional training and qualification.

At the same time, the main vulnerabilities of this domain presently identified respectively branches which need attention from this domain are: financial auditor's behavioural skills (soft skills), exerting judgment and applying professional skepticism, implementing new technologies and adapting to the new challenges generated by these, the knowledge necessary in the activity of auditing financial statements knowledge about the nature of the audited entity and the rapidity with which the International Audit Standards are modified and implemented in order to respond to the requirements of the society.

This scientific demarche offers the opportunity of opening a new type of discussion from the point of view of the researches which may nationally be made in order to improve the activity conducted by financial auditors, applying and developing a new branch of accounting, behavioural accounting.

Own Contributions

Own contributions which underlie the scientific research drawing will be synthesized for each of its chapter. In this regard, own contributions in the case of ***Chapter no.1 Audit's defining and Evolution Elements***, they are the following:

- Analysis of the audit concept, not only through specialty literature but also from the historical perspective of its evolution;
- Presenting the first audit forms starting from prehistory, antiquity, Middle Ages, continuing with the starting of modern era;
- Presenting the context in which the audit appeared as a professional period in the period 1850 – 1900;
- Presenting the audit's evolution and its objectives in the period from the beginning of the twentieth century until now;
- Emphasizing the period in which the profession of audit started to take shape and form by setting up different professional organisms nationally and internationally;
- Shaping the effects of economic-financial crises and of financial scandals from the period at the beginning of the twentieth century until now, upon the auditing activity;
- Presenting the undertaken actions at the profession's level by IFAC and European Committee as a response to the effects produced by the last economic-financial crisis.

In the case of chapter 2. Basic Concepts in Financial Audit, personal contributions consist in:

- Presenting the audit's typology;
- Presenting the necessity, role and objectives of financial auditing;
- Analysis of financial auditor's responsibilities, but also the limits met in the conducted activity;
- Presenting the history of financial audit's activity in Romania;
- Analysis of the activity of the Chamber of financial Auditors of Romania in the period 2005-2017, taking into consideration its activity reports published annually;
- Presenting the main elements which underlie respecting and applying the Ethical Code of Professional Accountants;

- Presenting the new modifications brought to the Ethic Code by IESBA, but which haven't until now published in Romania, respectively introducing the notion of NOCLAR – Responding non-compliance with laws and Regulations.

Personal input within **chapter no. 3. Methodology of Conducting the Missions of Financial Audit**, consists in:

- Presenting the general framework of conducting an auditing mission in accordance to the stipulations of the International Audit Standards;
- Emphasizing the preliminary activities of a mission of financial auditing, conducted by financial auditor;
- General presentation, based on International Audit Standards, of the stage of planning the mission of financial auditing;
- General presentation, based on International Audit Standards, of the way of establishing the significance threshold within the auditing mission of financial statements;
- General presentation, based on International Audit Standards, of the way of identifying and evaluating the risks of significant distortion within and auditing mission of financial statements;
- Presenting general data connected to audit samples and proceedings used for their identification;
- Analysis of a study case made for emphasizing professional judgment applied by financial auditor in establishing the way of conducting the audit mission, by presenting the way of drawing the file balance sheet.xls, this being the centre of the whole auditing mission, influencing each of its section;
- Analysis of the way in which financial auditor finds his audit opinion and of the way of making the independent auditor's report;
- Analysis of the new modifications of the auditing report model offered by International Audit Standards, in comparison to its old form;

In the case of **chapter no. 4. New Perspectives of Developing Financial Audit in Accordance with the Requirements of a Market Economy Being in a Continuous Change** own contributions refer to:

- Analysis of research projects made by different international professional organisms in order to identify the directions towards which this should be led in order to respond to the society's expectations;

- Foundation of legal information connected to the financial auditor's professional judgment;
- Analysing the Probability Model of Elaboration applied to the auditors' skills and judgment;
- Founding the information connected to financial auditor's professional skepticism;
- Analysis of the Model of determinants of the professional skepticism in the performing of auditing;
- Presenting the concept of need for cognition and of its possible effects on financial auditor's professional skepticism;

Personal input in the content of the *chapter no. 5. Study Case Concerning the Identification of Elements which May Influence the Opinion Issued by Financial Officer, Respectively the influence of the Need for Cognition on the Professional Skepticism and Judgment*, consists in the study realised for fulfilling the paper's general objective by applying a questionnaire addressed to financial auditors from Romania in order to analyse the extent to which an important skill in decision making, such as the need of cognition may influence the appliance of professional skepticism and exerting the auditor's judgment in the activity of auditing financial statements.

We consider as a result of the conducted study, that certain behavioural skills may influence the way in which the auditor conducts his activity, affecting the exerting of professional judgment and applying professional skepticism.

At the same time, it becomes opportune the start of researchers necessary to identifying all behavioural skills underlying this general marks of financial auditing, in order to develop and improve the way in which the auditors conduct their activity.

Limits and Perspectives of the Research

Within our scientific research we have also identified a series of limits and namely:

- The way in which the levels of training and qualification of the respondents' financial auditors have been determined;
- The attention given to all questions and items underlying the questionnaire;
- The ratio of answers obtained in the questionnaire, 55,24%;

As future perspectives of the research we can shape the next suggestions:

- Developing a more complex model of determining the professional judgment using study cases specific to Romanian audit practices;
- Analysing the impact of influencing all identified vulnerabilities of the domain on auditing activity of financial statements and determining the modalities of obstructing them;
- Testing all initial models which have modified along the time, of determining skepticism and the need for cognition in order to identify the models with the best results applied to professionals in Romania, in order to develop optimal models which may be tested in researches made nationally;
- Testing the influence and other behavioural skills on professional judgment and skepticism, in order to be able to identify the ones which lead to developing the quality of the activity conducted by the auditors.

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