

Paper presented  
at the IX<sup>th</sup> Congress  
of the Romanian  
financial auditor  
profession

# Performance Audit – A Useful Tool for Assessing the Management of Public Institutions

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## Abstract

*The performance audit of the use of public resources is a relatively recent topic, emerging whenever transparency, accountability, and efficiency in the use of public funds are brought into discussion.*

*The purpose of this study is to establish the current situation regarding the legal and methodological context, the limitations of using the concept of performance in assessing public management, and to formulate proposals for expanding the performance audit process.*

*The International Organization of Supreme Audit Institutions (INTOSAI) defines performance audit as an independent and objective evaluation of how an organisation, programme, or activity operates in relation to the principles of the “3Es” – economy, efficiency, and effectiveness – with the ultimate aim of optimising public management performance. INTOSAI provides detailed implementation guidelines.*

*The Romanian Court of Accounts began codifying its practice in the field of performance audit as early as the 2000s, initially publishing the Performance Audit Guide (2003) and later the Performance Audit Manual (first edition in 2005, revised editions in 2013 and 2018).*

### To cite this article:

Nechita, I. I., Botez, D. (2025), Performance Audit – A Useful Tool for Assessing the Management of Public Institutions, *Audit Financiar*, vol. XXIII, no. 4(180)/2025, pp.816-829, DOI: 10.20869/AUDITF/2025/180/026

### To link this article:

<http://dx.doi.org/10.20869/AUDITF/2025/180/026>  
Received: 16.07.2025  
Revised: 12.08.2025  
Accepted: 16.10.2025

*This study adopts a qualitative-descriptive research approach, based mainly on documentary analysis of official sources and content analysis of the reports of the Court of Accounts.*

*The findings from these audits indicate that many public institutions do not fully meet efficiency and effectiveness criteria, with financial resources often being used without a rigorous assessment of their impact.*

*Following the conducted research, the study concludes with recommendations and directions for future action aimed at strengthening performance audit in Romania and increasing its practical impact.*

**Key words:** performance audit; public institution management; international public audit standards;

**JEL Classification:** H83

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## 1. Introduction

Over recent decades, performance audit has emerged as an indispensable tool for evaluating the management of public institutions. Unlike financial audit, which focuses on compliance and the accuracy of financial statements, performance audit extends the scope of analysis to the how public resources are used to generate added value and deliver tangible results for society. In the current context - characterised by budgetary constraints and pressures to streamline the administration - this type of audit offers a “value for money” (VFM) perspective, centred on the core principles of managing public resources: economy, efficiency, and effectiveness.

In Romania, performance audit is a relatively recent practice, but it has developed rapidly in recent years, driven by pressures from international bodies (such as the European Union and the World Bank) and by domestic needs to modernise public administration. The importance of this topic is reinforced by increasingly stringent requirements for transparency and accountability in the management of public funds: both citizens and decision-makers expect public money to be spent efficiently, effectively, and economically, generating maximum results with minimal resources.

The Romanian Court of Accounts, as the supreme external public audit institution, plays a key role in shaping

and implementing performance audit. Starting in the 2000s, following legislative changes that aligned Romania with INTOSAI (International Organization of Supreme Audit Institutions) international standards, the Court of Accounts has expanded its mandate and capacity to evaluate performance in public sector. This process has involved the adoption of International Standards of Supreme Audit Institutions (ISSAI) and the development of its own methodologies for performance audit.

However, institutionalising performance audit has faced several challenges: the absence of relevant performance indicators, insufficient professional training of staff, and reluctance from some audited entities towards performance evaluations. The recent context, marked by the COVID-19 crisis (2020–2023), has further underlined the need for efficient governance of public funds, consolidating the role of performance audit as an instrument for ensuring the sound management of public resources.

## 2. Review of the Specialised Literature

International specialised literature contains numerous works addressing the topic of public management performance.

We refer, for instance, to the book published in 2010 by the well-known publisher Routledge, written by two Belgian professors together with an Australian professor, entitled *Performance Management in the Public Sector* (Van Dooren, 2010). The contents of this work are relevant for the study of the subject. The authors begin by defining the concepts used, then offer a brief history of the concept of management performance. They proceed to show how performance is measured, how performance information is collected and used, who uses it and who does not, concluding with likely future developments.

A review of the specialised literature entitled *The Typology and Determinant of Performance Measurement for Public Sector Organizations* appeared in *Cogent Business & Management* in 2024 (Febriyanti, 2024), authored by researchers from a university in Indonesia, which demonstrates that the subject is global in nature.

Concerns regarding the study of aspects related to performance in public management in Romania have emerged in recent years.

In 2010, the Transylvanian Review of Administrative Sciences published an article entitled *Controversies Regarding the Measurement of the Performance of Public*

Administration Entities in Romania, written by a team of professors from the Bucharest University of Economic Studies (Ștefănescu, 2010). The study highlighted that performance must be defined from a multidimensional conceptual perspective, which should include at least the following aspects: the connotations of the financial result; the quality and quantity of services provided to the public; the number of users who have accessed the entity's services; the professional quality of the existing human resources within the entity; the credibility of the entity; the efficient, effective, and economic use of financial resources allocated for services intended for the local community; the entity's ability to attract complementary financial resources beyond public funding to meet the expectations of the local community; the results achieved by the local community as a consequence of the services offered by the entity; and the competition from private sector entities offering similar services. In Romania, the performance of public administration entities is essentially conditioned by the professional performance of public servants.

In 2016, *Amfiteatru Economic* journal published a study entitled *Performance Management and Monitoring in Internal Public Audit in Romania* (Dascălu, 2016). The authors conclude that performance monitoring in internal public audit is insufficiently developed, that performance indicators are not defined in all internal audit departments, and that where they are measured, corrective action is not always possible. Therefore, they proposed establishing a minimum set of indicators and developing a guide for monitoring the performance of internal public audit activities.

In a paper published in 2020 in the journal *Public Administration and Management* (Cicea, 2022), Claudiu Cicea presents a study of the specialised literature on this subject at a global level, entitled *Performance in Public Management. A Research Agenda with a Bibliometric Approach*. After analysing 3,309 articles published between 2000 and 2019 worldwide, he found that particularly in the second decade of the third millennium there was an explosion of articles in this field. He also notes that authors have examined the relationship between performance and public management from both an economic perspective and by considering the specific features of the public sector.

The topic of public management performance has also attracted the attention of other academic researchers.

Within a project funded through the ERASMUS programme under the Jean Monnet Chair (EU PAIR), Prof. habil. Ana-Maria Bercu, Prof. habil. Mihaela Tofan,

and Assoc. Prof. Irina Bilan, from the Faculty of Economics and Business Administration of "Alexandru Ioan Cuza" University of Iași, developed a course entitled *Performance Management in the EU Public Administration*, to be used in the training of public servants (Bercu, 2024).

In 2021, at "Dunărea de Jos" University of Galați, doctoral candidate Tincuța Vrabie defended a thesis entitled *Contributions to the Development of Methods for Evaluating the Performance of Local Public Services*.

In 2025, C. H. Beck Publishing House released a book authored by Adriana Alina Spatariu, *Institutional Performance in Public Administration. A Fundamental Objective of External Public Audit* (Spatariu, 2025).

The analysis is built on a rigorous and interdisciplinary foundation, combining perspectives from external public audit, institutional management, and administrative governance. The results contribute to shaping applicable solutions for optimising the functioning of the public sector and strengthening institutional performance in line with current good governance requirements.

The book analyses the performance of public administration entities through a modern, interdisciplinary approach, focused on efficiency, accountability, and good governance.

The need to establish a reference framework for public service performance – recognising the fact that no such framework currently exists – has also concerned the Government of Romania, which has obtained structural funds for projects on this topic.

For example, the project *Framework for the Development of a Methodology for Monitoring and Evaluating Public Service Performance in Romania*, funded through the Operational Programme for Administrative Capacity 2014–2020, aimed to develop the framework and tools needed for such a methodology, as well as a set of performance indicators, drawing on references from the United Nations Development Programme (UNDP) and the specialised literature.

Another project, funded under the same programme, entitled *Strengthening INA's Capacity to Develop Studies/Analyses Impacting the Professional Training System in Public Administration*, sought to develop training materials on performance for professional training in public administration.

Finally, a project funded through the National Recovery and Resilience Plan focused on developing a *Guide for*

*Strengthening Performance Management Competences*, including proposals on the skills required for managerial activities and identifying appropriate applied training methods for senior civil servants and top-level public managers to enhance performance management competences.

### 3. Purpose and Objectives of the Study

This study aims to provide a comprehensive perspective on performance audit as a tool for assessing the management of public institutions in Romania – from basic theoretical concepts to the legal and institutional framework, through to applied practices, current challenges, and future directions for development. The specific objectives of the study are:

- To evaluate the legislative and methodological framework of performance audit in Romania;
- To identify the main challenges and limitations in applying performance audit as a tool for assessing public management;
- To carry out an applied analysis based on concrete data from the reports of the Court of Accounts (2019–2024);
- To propose directions for improvement to strengthen the role of performance audit in evaluating public management.

### 4. State of Knowledge in the Field

#### International Reference Models

Performance audit has solid roots in international models of good governance. Globally, institutions such as the United Kingdom’s National Audit Office (NAO), the United States Government Accountability Office (GAO), and the European Court of Auditors have developed rigorous methodologies for evaluating the efficiency of public management and the performance of public programmes.

The specialised literature emphasises that performance audit rests on three fundamental pillars: efficiency, effectiveness, and economy. According to INTOSAI, performance audit is not intended to be punitive; rather, it aims to support institutions in improving resource use and managerial practices. INTOSAI defines performance audit

as an independent and objective evaluation of how an organisation, programme, or activity operates in relation to the principles of the “3Es” (economy, efficiency, effectiveness), with the goal of optimising public management performance (ISSAI 300).

The core standard, ISSAI 300 – *Fundamental Principles of Performance Auditing* – defines performance audit as an independent, objective, and reliable examination of how government entities operate in accordance with the principles of economy, efficiency, and effectiveness, aiming to identify opportunities for improvement. Furthermore, international standards ISSAI 3000 and ISSAI 3100 provide detailed implementation guidelines, reflecting best practices accumulated by Supreme Audit Institutions with established traditions.

Institutions such as the European Court of Auditors (ECA), the National Audit Office (NAO) in the United Kingdom, and the Government Accountability Office (GAO) in the USA have developed rigorous methodologies for auditing the performance of public programmes, playing a proactive role in evaluating government policies and serving as models for other countries. For example, in the United Kingdom, the NAO produces dozens of *value for money* reports each year, defined as external, non-financial audits assessing the effectiveness, economy, and efficiency of public spending.

These institutions have demonstrated how independent evaluation of the 3Es can lead to better management of public funds and increased government accountability to taxpayers.

#### Romanian Context

In Romania, the Court of Accounts has integrated these principles into its own methodology since the 2000s, following alignment with European best practices. Law no. 94/1992 (republished in 2009, with subsequent amendments) explicitly introduced performance audit into the remit of the Court of Accounts, defining it as “an independent evaluation of how a public entity, programme, project, process or activity operates from the perspectives of efficiency, economy and effectiveness.” This legal definition faithfully reflects the concepts promoted by INTOSAI and is aligned with the terminology of the international standard ISSAI 3000 – *Performance Audit Standard*. Consequently, the national regulatory framework provides the Court of Accounts with the necessary legal basis to carry out performance audits, alongside financial and compliance audits.

The Court of Accounts began codifying its practice in the field of performance audit as early as the 2000s, initially publishing the *Performance Audit Guide* (2003) and later the *Performance Audit Manual* (first edition in 2005, revised editions in 2013 and 2018). These internal documents explain in detail how to plan, conduct, and report performance audit missions, in accordance with INTOSAI standards and national regulations. Their stated aim is to ensure a high level of quality in performance auditing and to strengthen the role of the Court of Accounts as a credible external auditor of the public sector. With a clear legal basis and well-defined standards, Romania therefore has a solid regulatory framework for carrying out performance audits in the public sector.

In addition to the external audits performed by the Court of Accounts, Romania also operates an internal public audit system, under a distinct but complementary legal framework. Law no. 672/2002 (republished in 2011, updated in 2023) regulates internal public audit in public sector entities. Under this law, each significant public institution must have an internal audit department, reporting directly to the head of the entity, tasked with evaluating the management of public funds and the administration of assets in terms of legality, regularity, and performance. Internal public audit is mandated to examine the entity's operations in order to provide assurance and advice aimed at improving efficiency and effectiveness.

Although Law no. 672/2002 does not explicitly use the term "performance audit," in practice internal auditors frequently analyse aspects related to economy (e.g., avoiding waste), efficiency (input-output ratios), and effectiveness (achievement of objectives) in the institution's day-to-day activities. Thus, internal audit also has a performance evaluation component, integrated into the broader effort to improve internal management systems.

National coordination of internal audit is ensured by the Central Harmonisation Unit for Public Internal Audit (UCAAPI), a structure under the Ministry of Finance. UCAAPI develops methodological standards and guides and provides training for internal auditors across the public sector, to ensure a unified approach and high professional standards. In 2021, UCAAPI published a *Performance Audit Guide* (developed with international support, including from Austrian experts, and financed through a European Commission programme). This guide is addressed to internal auditors in Romania and presents

concepts, methodologies, and case studies on evaluating the efficiency of programmes in public administration, indicating a clear intent to integrate performance audit into internal audit practice as well.

In Romania, at the level of both internal and/or external public audit, the application of performance audit as a tool for evaluating public management has revealed several recurring aspects:

- The implementation of performance audit is often hindered by the lack of a results-oriented organisational culture, by the absence of well-defined performance indicators, and by insufficiently qualified personnel;
- There are significant differences between how central and local institutions understand and apply performance audit principles in evaluating management;
- Recommendations and conditionalities imposed by the European Union have encouraged the adoption of performance audit practices, but their sustainability depends on internal commitment.

Recent annual reports of the Court of Accounts (2019-2022) have highlighted a significant potential for improvement in strategic planning, the formulation of measurable objectives, and the efficient use of resources by audited public entities – all of which are essential components of high-performing public management.

## 5. Conceptual and Methodological Framework

### Defining Performance Audit in the Context of Public Management Evaluation

Performance audit, as a tool for evaluating the management of public institutions, may be defined as a systematic and independent examination of how public management uses available resources to achieve established objectives. This definition highlights three fundamental aspects:

1. Systematic nature – performance audit is not a one-off verification, but a structured evaluation of the entire managerial process;
2. Independence – the evaluation is carried out by external entities, free from political or administrative influence;

3. Results-orientation – the focus is on the extent to which public management succeeds in transforming resources into concrete outcomes for society.

### Fundamental Principles of Performance Audit

- **Economy** refers to the ability of management to obtain resources of appropriate quality at the lowest possible cost, involving an analysis of procurement, negotiation, and resource allocation processes.
- **Efficiency** measures the relationship between results achieved and resources consumed, aiming to optimise internal processes, eliminate redundancies, and maximise productivity.
- **Effectiveness** assesses the extent to which established objectives are achieved, regardless of the costs involved, reflecting the capacity to deliver services and results relevant to citizens.

### Methodology for Evaluating Management through Performance Audit

The evaluation of management through performance audit follows a structured methodology, organised into several stages:

- **Planning** – identifying high-risk areas, establishing performance evaluation criteria, and defining audit questions focused on managerial aspects;
- **Execution** – collecting data on management practices, analysing decision-making and control processes, and evaluating monitoring and reporting systems;
- **Reporting** – formulating findings on management efficiency, developing recommendations for improvement, and communicating results to decision-makers.

## 6. Research on Performance Audit at the Romanian Court of Accounts: Evolution, Findings, and Perspectives

### Research Methodology

For the purposes of this study, a qualitative-descriptive research approach was adopted, based mainly on the documentary analysis of official sources and content

analysis of the reports of the Court of Accounts. The methodological process comprised several stages:

- a) **Analysis of the regulatory framework and specialised literature** – Key legislative documents were examined, notably the Constitution of Romania and Law no. 94/1992 on the organisation and functioning of the Court of Accounts (republished and updated), which form the legal basis for performance audit in Romania. The literature indicates that performance audit does not have a coercive aim but seeks to improve the use of public resources and managerial practices. This theoretical analysis made it possible to clearly define the concepts of efficiency, effectiveness, and economy, as well as to understand the legal framework granting the Court of Accounts its mandate for performance auditing.
- b) **Collection and analysis of data from the reports of the Court of Accounts (2019–2023)** – To capture recent developments, the public annual reports of the Court of Accounts were collected and reviewed, with a focus on sections relating to performance audit. Representative thematic audits from recent years were analysed, covering diverse areas of the public sector, for example:
  - **Education** – investments in school infrastructure and the efficiency of expenditure in pre-university education;
  - **Health** – performance of public procurement in the healthcare system and management of national health programmes;
  - **Infrastructure** – efficiency of local development programmes (such as PNDL) and road infrastructure projects;
  - **Local public administration** – use of funds at local level, strategic planning, and local investments;
  - **Environmental protection** – performance of environmental policies and management of sustainability funds.

The data extracted from these reports were synthesised to identify patterns, trends, and common deficiencies. Information gathered included: the number of performance audit missions carried out annually, key qualitative findings (e.g., delayed projects, inefficient resource use, good practices identified), and the degree of implementation of recommendations issued by the Court

of Accounts. For instance, the 2022 Public Report of the Court indicated that 10 performance audit topics had been addressed, representing an increase compared to previous years – signalling a growing prioritisation of performance evaluation in the public sector. The information collected was processed and incorporated into the results section to provide a solid empirical basis for the theoretical discussion.

a) **Comparative analysis and critical interpretation –**

The results obtained were critically assessed, comparing Romania’s performance audit practices and results with international benchmarks. Reports and guidelines from the OECD and other Supreme Audit Institutions were consulted. For example, the principles and recommendations from international performance audit manuals (e.g., OECD, 2021) served as a benchmark for assessing the degree to which the approaches of the Romanian Court of Accounts align with modern standards and where there is room for improvement. Examples from established Supreme Audit Institutions, mentioned earlier, were used to highlight differences or similarities. This comparative perspective helped identify gaps (e.g., in the implementation of recommendations or definition of performance indicators) as well as progress (e.g., adoption of ISSAI standards, increasing the number of performance audits) in the national context.

Throughout the research, efforts were made to ensure the validity and reliability of information through source triangulation: legislation, international standards, specialised literature, and empirical data from official reports. Most of the data came from official documents (laws, public reports of the Court of Accounts) or from relevant academic literature (for example, findings such as “only 60% of the Court of Accounts’ recommendations are implemented by audited entities” are based on processing data from public reports of the Court). Questionnaires or interviews were not used, given the predominantly documentary nature of the study; however, a systematic content analysis of the reports was carried out. For this purpose, evaluation grids were used for each thematic audit, recording: the audit’s objectives, performance indicators analysed, main findings, recommendations issued, and the degree of implementation after one year.

Thus, the methodology combines a descriptive approach (to present the factual situation and observed developments) with a critical approach (to analyse the

causes of deficiencies and identify solutions). This combination ensures coherence between the research objectives and the method of data collection and analysis, while also lending robustness to the conclusions drawn.

## Results and Discussion

This section presents a synthesis of the key findings, structured according to the identified topics of interest. The analysis of the Romanian Court of Accounts’ activity in the field of performance audit highlights significant evolution over the last decade, both quantitatively and qualitatively. Between 2015 and 2024, the Court of Accounts carried out an increasing number of performance audit missions, covering various domains such as education, health, infrastructure, local administration, and the environment. The general trend is upward: whereas in around 2015 such audits were relatively few (the institutional focus still being predominantly on financial and compliance audit), by 2023 the number of performance audits had increased considerably (10 national-level performance audit reports were completed in that year<sup>1</sup>). This growth reflects a strategic orientation by the Court of Accounts towards evaluating performance in the public sector, in response to the need for more efficient use of public funds.

However, the quality of findings from these audits indicates that many public institutions do not fully meet efficiency and effectiveness criteria, with financial resources often used without a rigorous impact assessment. In other words, although funds are generally spent according to planned purposes, the effects achieved (results) are not always proportional to the resources consumed. In many sectors, public policies examined lacked clear targets or well-defined outcome indicators, and were monitored superficially, making their results difficult to evaluate and often below expectations<sup>2</sup>. Such findings suggest systemic deficiencies in programme planning and management, which performance audit brings to light.

To illustrate these issues, here are two examples summarised from recent performance audits by the Court of Auditors

- **Example (Education)** – The performance audit of the Rural School Rehabilitation Programme (conducted in 2020) revealed that, although substantial funds were

<sup>1</sup> news.ro

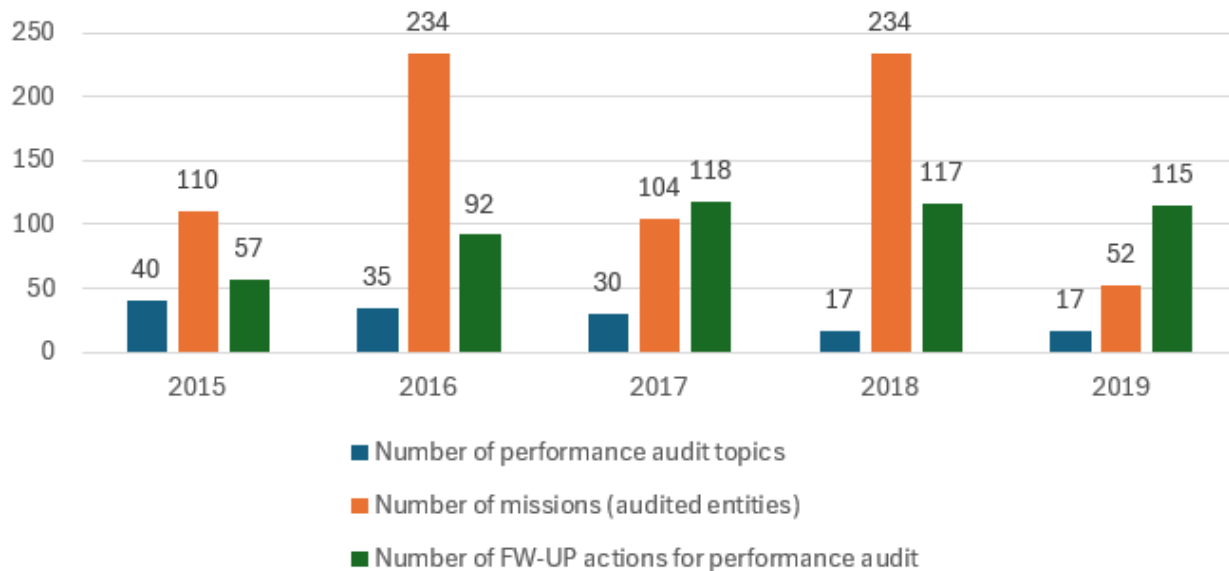
<sup>2</sup> agerpres.ro

allocated for modernising educational facilities, the actual number of schools renovated and the degree of improvement in study conditions fell well short of initial targets. Major deficiencies included significant delays in carrying out works, termination of contracts with contractors before completion, and a lack of clear outcome indicators to measure the impact of investments on education quality. Consequently, schools continued operating in inadequate conditions longer than expected, despite the budgets spent, due to poor project management.

- **Example (Health)** – The performance audit of the national programme for the procurement of medical

equipment (conducted in 2019) exposed a lack of post-procurement monitoring and inadequate integration of new equipment into hospital service flows. Many hospitals did not fully utilise the equipment provided – either due to a lack of specialised staff or because acquisitions were not aligned with actual needs – thus significantly diminishing the investment’s effectiveness (measured in terms of improved patient services). Additionally, procurement procedures were flawed: quality and technical performance criteria were often subordinated to the lowest-price criterion, leading in some cases to the supply of equipment of inferior quality or unsuitable for current medical requirements.

**Figure no. 1. Performance audit missions**



Source: own processing of authors

**Case study – The National Local Development Programme (PNDL)**

– This multiannual programme for financing local infrastructure projects was found to have major planning and monitoring deficiencies: lack of clearly defined objectives and robust project selection criteria, overlaps and redundancies with other government investment programmes, and significant implementation delays. For example, some water supply and sewage projects included in the PNDL were initiated without sufficiently solid feasibility studies and without prioritisation based on needs, leading to cost overruns, inadequate technical solutions, and delays in completion. The key

finding was that local project management was often deficient, while the coordinating ministry did not impose a clear system of performance indicators to assess the programme’s progress and impact. Consequently, many investments failed to achieve their initial goals – for instance, in 2022 approximately a quarter of the population still lacked access to the public water supply network, and almost 40% were not connected to sewerage systems, reflecting delays and incomplete implementation of infrastructure projects<sup>1</sup>. Such findings

<sup>1</sup> [agerpres.ro](http://agerpres.ro)

underline the need to strengthen internal control and reporting mechanisms in public institutions, and to improve central coordination of nationwide programmes so funds are used as efficiently as possible. The Court also noted weak monitoring and evaluation mechanisms for national programmes, enabling the accumulation of delays, quality issues and even investments that remain non-functional or under-used after completion.

A recurring aspect across all audited domains is the relatively low rate of implementation of the Court of Accounts' recommendations. Analysis of annual report data indicates that only around 60% of recommended measures are implemented by audited entities within one year of the report's issue. This low rate points to a problem of ownership: while audited institutions generally accept the audit's conclusions and action plans in principle, turning these into concrete changes is often delayed or incomplete. Reasons given include insufficient resources, resistance to change (especially when recommendations involve structural reforms or abandoning entrenched practices), and the lack of strong sanctions or incentives to implement recommendations. Practically, following the completion of an audit engagement, in the absence of a systematic follow-up, some institutions limit themselves to minor or purely formal adjustments, which means that the issues flagged by the Court of Accounts persist from one year to the next. It is, however, worth noting that, with the modernisation of the audit methodology starting in 2023, the Court of Accounts introduced a more rigorous system for tracking implementation. For example, in 2024 the Court's auditors carried out 2,473 follow-up engagements, verifying over 12,000 measures and recommendations previously issued. According to data recently communicated by the Court of Accounts, recommendations formulated in the new format (post-2023) recorded a significantly better compliance rate, with around 82% of recommendations already implemented or in the process of being implemented by the end of 2024. This positive development (82% versus ~60% previously) indicates the greater effectiveness of the new audit methodologies and the importance of a rigorous follow-up mechanism. At the same time, it highlights that there is still room for improvement, namely in establishing clear procedures and responsibilities so that audit recommendations are treated as a priority by the entities concerned.

**Modernisation measures initiated by the Court of Accounts** - Aware of the above challenges, the

leadership has launched several internal reforms in recent years to enhance the effectiveness of performance audits and their impact on good governance:

- Digitisation of audit activity: Starting in 2020, the Court of Accounts launched the implementation of an integrated IT system to support the collection, processing, and analysis of data during audit engagements. The transition to e-auditing entails automating routine checks (particularly in the area of financial compliance) and using data-analytics tools to identify anomalies or risk areas. Already in 2023, the Court piloted a tool to automate the financial audit process, as part of the institution's digital-transformation efforts. The aim is for external public auditors to be able to access government databases in real time and to have rapid analytical reports, focusing more on evaluating performance and results than on time-consuming manual procedures. This digitisation will increase the efficiency of audits and will enable the future development of continuous auditing, generating early warnings about potential performance deviations in the use of public funds.
- Continuous training for auditors – The Court of Accounts has invested in sustained training programmes for its auditors, delivered both by in-house trainers and through international partnerships. Between 2015 and 2025, 27 courses and specialist training programmes in performance auditing were organised, with experts participating from institutions such as the European Court of Auditors and the World Bank. Romanian auditors have also taken part in training initiatives under the aegis of the INTOSAI Development Initiative (IDI) and in exchanges of experience with peer institutions in other countries (e.g. the Netherlands, the United States), obtaining internationally recognised certifications<sup>1</sup>. Through these upskilling efforts, the Court of Accounts aims to ensure that its audit teams possess the modern knowledge and competencies required (public policy evaluation, project management, impact-measurement techniques, etc.) to deliver high-quality performance audit engagements.
- Inter-institutional cooperation – collaboration protocols and information-sharing agreements have been concluded with authorities such as the National Agency for Public Procurement (ANAP) and the

<sup>1</sup> <https://www.curteadeconturi.ro/ccr-sai-pentru-cetatean>

Ministry of Finance to facilitate data access and to coordinate efforts to improve public-finance management. Through these partnerships the Court seeks both to obtain the data needed to evaluate performance (without duplicating other bodies' controls) and to channel its findings to competent decision-makers so identified shortcomings can lead to regulatory or procedural changes. An example is cooperation with ANAP on public procurement, where

the Court frequently signals irregularities—from procurement planning to contract execution—which ANAP can use to adjust secondary legislation and prevent waste and inefficiency.

To synthesise the diversity of findings from performance audits, **Table no. 1** presents the main domains audited by the Court of Accounts in recent years together with recurrent major deficiencies.

Table no. 1. Main audited domains and major recurring deficiencies (2019-2022)	
Audited domains	Major recurring deficiencies
Education	<ul style="list-style-type: none"> <li>- Absence of clear, relevant performance indicators for programmes.</li> <li>- Inefficient resource management (e.g., funds left unspent at the end of the school year or allocated without rigorous strategic prioritisation).</li> </ul>
Health	<ul style="list-style-type: none"> <li>- Inadequate monitoring of national programmes (vaguely defined or non-existent outcome indicators).</li> <li>- Suboptimal public procurement: medical equipment under-used or ill-suited to hospitals' real needs, sometimes due to procedures favouring lowest price over quality.</li> </ul>
Infrastructure	<ul style="list-style-type: none"> <li>- Delays in project execution and cost overruns relative to initial plans.</li> <li>- Weak monitoring of worksites and contract compliance (e.g., late or non-application of delay penalties; tolerance of works executed below quality standards).</li> </ul>
Local administration	<ul style="list-style-type: none"> <li>- Deficient strategic planning: lack of multi-annual development strategies or misalignment of local budgeting with performance indicators.</li> <li>- Limited transparency and cursory reporting: insufficient information provided to local councils and the public on the use of funds and results achieved.</li> </ul>
Environment protection	<ul style="list-style-type: none"> <li>- Failure to reach strategic targets (e.g., afforestation programmes falling far short of initial objectives).</li> <li>- Inefficient investments: wastewater treatment plants completed but not operating at capacity; partially implemented waste-management projects without the expected environmental impact.</li> </ul>

Source: authors' own processing based on the Romanian Court of Accounts' public reports (2019-2022).

Despite sectoral differences, certain problem types recur across domains: inadequately grounded planning (lack of clear targets and indicators), weak monitoring and internal control, delays and inefficiencies in execution, and a tendency to evaluate results formally rather than in terms of concrete impact. Many issues concern incomplete or inadequate managerial processes—pointing to a need for a stronger orientation towards performance management in public entities. Progress should also be noted: the research highlights both steps forward in the Court's development of performance audit and areas where sustained effort remains necessary.

Compared with the situation 8–10 years ago, today we observe:

- **Greater legislative clarity.** performance audit is explicitly enshrined in law (through amendments to Law no. 94/1992, republished in 2009) and defined in line with international practice. The Court's updated methodological guides (e.g., the Performance Audit Manual, revised edition 2018) standardise procedures in accordance with ISSAI. The national framework thus provides a solid basis and common language for performance auditing in the public sector.
- **Enhanced institutional capacity.** dedicated departments for performance audit operate within the Court, with specialised staff. Following an institutional reform in 2023, one department (Department VII) was

transformed into a structure focused exclusively on performance audit, responsible for topic selection, annual planning and coordination of engagements. Continuous training and international collaboration have increased external auditors' expertise in evaluating the 3Es. The number of auditors with performance-audit competences has grown, and organisational culture is increasingly results- and impact-oriented. The Court itself has emphasised that there is no 'professional gap' in this field, citing ongoing upskilling and participation in international capacity-development programmes.

- Increased public visibility.** Performance audit reports issued by the Court of Accounts have gradually gained greater visibility in the public sphere and among decision-makers. In recent years, some of the Court's key findings have been discussed in Parliament or used as arguments in public-policy debates—an indication that performance auditing is beginning to feature on the governing agenda. For example, in 2025 an MP from the Budget and Finance Committee formally requested information and clarifications from the Court of Accounts regarding performance-audit activity (including reports on ANAF and the National House of Public Pensions)<sup>1</sup>, signalling the Legislature's interest in this type of evaluation. At the same time, the Court of Accounts has taken steps towards more transparent communication: beginning in 2023, audit reports are published on the website immediately after approval by the Court's Plenum<sup>2</sup>, and the Annual Public Reports include thematic summaries of findings by sector, in an accessible format. Wider dissemination of the findings increases public pressure on audited institutions to remedy deficiencies and helps educate public opinion on the efficient use of public funds.

Even so, the tangible impact of performance audit on improving public governance is still consolidating. Many systemic problems (inadequate planning, weak monitoring, non-implementation of recommendations) require long-term solutions and the involvement of other governance actors—not just the Court of Accounts. The next section sets out the study's conclusions and recommendations to amplify performance audit's role in Romania's public sector.

<sup>1</sup> puterea.ro

<sup>2</sup> news.ro

## 7. Conclusions

Performance audit has proven to be an essential tool for evaluating the extent to which public institutions fulfil their mission in terms of efficiency, effectiveness, and economy. This study has shown that, in Romania, performance auditing has experienced steady development and growing institutionalisation in recent years. Nevertheless, several challenges persist regarding the uniform application of the concept, the quality of the indicators used, and the degree of ownership of recommendations by audited entities. Hereby, we summarise the main conclusions of the research and propose courses of action:

- Regulatory and institutional framework** – Romania currently has a relatively clear legal framework for performance auditing in the public sector. Law No. 94/1992, as amended, places performance audit within the remit of the Court of Accounts and clearly defines its purpose, while the international ISSAI standards have been adopted as the methodological reference. The Court of Accounts has shown increasing commitment to this field, developing internal guidance and allocating specialised resources (departments, staff) to performance audit. This normative–institutional framework has enabled an increase in the number of performance audits and their extension across multiple areas of public administration. In other words, the formal preconditions for effective performance auditing are largely in place.
- Implementation challenges** – Despite improvements to the formal framework, the on-the-ground application of performance auditing still faces difficulties. Some public institutions struggle to define their own strategic objectives and relevant performance indicators, without which audit engagements rest on a fragile basis for assessment. Others lack an organisational culture oriented towards results and learning from evaluation, viewing auditors more as legality/compliance checkers than as partners offering advice for improvement. The quality of the indicators used in reports varies, at times affecting the relevance of the findings—overly general or hard-to-measure indicators lead to vague conclusions that do not drive change. Overall, consistent implementation of the concepts of efficiency, effectiveness and economy remains an aspiration, with entities still not fully internalising these principles in day-to-day

management. The absence of clearly quantified targets and rigorous monitoring of the performance of public programmes means that audits often reveal the same recurring shortcomings (poor planning, superficial monitoring, etc.) years apart, indicating that change in these areas is slow.

- **Implementation of recommendations** – Low implementation rates for the measures recommended by the Court of Accounts remain a pressure point. As noted, recent history shows a rate of around 60% effective implementation, which partly undermines the effectiveness of performance auditing: if the identified deficiencies are not subsequently corrected, problems tend to persist, and the audit only half achieves its purpose. In essence, a performance audit provides a diagnosis and proposes remedies, but the treatment depends on the willingness and capacity of the audited institutions to act. The absence of strong, mandatory follow-up mechanisms or sanctions for non-implementation of recommendations has led some entities to postpone necessary changes indefinitely. The Court of Accounts has begun to address this issue by stepping up follow-up engagements and reporting improved compliance rates (82% of recommendations implemented or in progress by the end of 2024). Nevertheless, to ensure continuous improvement, high-level commitment is required: the Government and Parliament can play an essential role in holding to account institutions that fail to implement recommendations (e.g. through hearings in parliamentary committees, periodic progress reports, etc.), and the leadership of each audited institution should give top priority to the corrective actions arising from the audit.
- **Role of the Court of Accounts and external actors** – The Court of Accounts of Romania plays a central role in promoting performance auditing and has demonstrated, through its recent initiatives, a commitment to modernising its practice and aligning with international standards. Digitisation measures, the creation of a dedicated department, and continuous training programmes for auditors are concrete steps towards strengthening its institutional capacity. Nevertheless, the real impact of performance auditing on good governance does not depend solely on the Court of Accounts. The concerted involvement of other actors is required: Parliament (which can use audit findings to drive legislative change or exert pressure on the Government to remedy deficiencies), the

Government (which can initiate public policies or administrative reforms in response to the findings), and the executive leadership of the audited institutions (which must demonstrate the will to correct internal problems and improve their management systems). Without the political and administrative will to turn audit findings into concrete actions, performance auditing risks remaining a technical exercise with partial results.

## 8. Recommendations

Based on our analysis, we propose the following **recommendations** and future action directions to strengthen performance audit in Romania and increase its practical impact:

1. **Clarification and standardisation of performance audit methodologies.** It is necessary to develop detailed national guidelines for performance audits, to be used both by external auditors and by internal audit structures within public entities. These guidelines should include examples of domain-specific performance indicators, data collection methodologies, sampling techniques, and results-oriented reporting tools. Standardising approaches will reduce quality variations between different audits and will provide audited entities with clear expectations regarding the criteria on which they will be evaluated. A shared performance language will also facilitate post-audit dialogue between auditors and auditees.
2. **Strengthening the professional competences of auditors and personnel in audited institutions.** In addition to the continuous training of external public auditors, it is essential that staff in public institutions (especially those responsible for planning, budgeting, and internal control) receive training in performance management. If audited entities develop their own mechanisms for self-evaluating performance – for example, through internal public audit or dedicated evaluation units – the recommendations of the Court of Accounts will be better understood, accepted, and implemented. A national training programme on results-based management in the public sector is recommended, involving both external auditors and public officials with roles in strategic planning and performance monitoring. This would create a core of specialists who ‘speak the same language’ in terms of efficiency and effectiveness.

3. **Increasing transparency and communication of results to citizens.** For performance auditing to realise its potential to drive change, its findings must be brought to the attention of the ultimate beneficiaries - the citizens - in a clear and accessible way. The Court of Accounts could continue its efforts to popularise its reports, for example by publishing infographic summaries or short 'citizens' reports' that explain in plain language what was found and what is recommended. Likewise, holding press conferences or round-table discussions on major performance audits (in areas such as health, education, and the environment) would increase the visibility of the issues and put pressure on the authorities to act. Greater transparency and proactive communication will also strengthen public confidence in the value of the Court of Accounts' work.
4. **Complete digitalisation of data collection and analysis processes.** It is important that investment in IT tools for auditing continues, so that the Court of Accounts can harness technology to make its work more efficient. In the medium term, implementing Business Intelligence and Big Data Analytics solutions will allow rapid analysis of large volumes of financial and operational data, identifying correlations that may indicate weak performance. In addition, the concept of continuous auditing could be applied in specific areas—for example, monthly monitoring of budget execution in major investment projects, with immediate flagging of deviations from target indicators. Such a system would provide an opportunity for preventive interventions before problems escalate. Digitisation will also enhance the Court's ability to verify the implementation of recommendations (by interconnecting with the audited entities' databases to track the evolution of indicators after the audit).
5. **Strengthening follow-up mechanisms for recommendation implementation.** To ensure that

audit recommendations do not remain merely on paper, a robust follow-up mechanism, owned at a high institutional level, is needed. One idea would be to introduce incentives or sanctions: for example, linking the allocation of additional funds to demonstrated performance improvement, and sanctioning public managers who systematically ignore efficiency recommendations. On the other hand, the Court of Accounts itself could incorporate dedicated follow-up audits into its annual plan: one to two years after a major performance audit, it would return to the entity concerned and rigorously assess the extent to which its recommendations have been put into practice, then publish the results. This practice would create a cycle of accountability and send the message that post-audit actions are just as important as the audit itself.

In conclusion, the long-term success of performance auditing in Romania depends not only on the quality of the tools and the work of the Court of Accounts, but also on how governmental and institutional actors make use of these evaluations. Public entities should not view performance audit as a mere, fear-inducing control, but as an opportunity for learning and optimisation. When integrated into the public management cycle, the independent feedback provided by performance audits can become a driver of change and administrative innovation. As public institutions develop their capacity for self-evaluation of performance and come to understand the benefits of external audits, the role of the Court of Accounts will evolve from an ex post controller to a strategic adviser and a guarantor of accountability to taxpayers. From this perspective, performance auditing has the potential to become an integrated pillar of good governance, delivering tangible benefits in the efficient use of public money and, ultimately, in greater public trust and citizens' well-being.

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