



## COMMUNICATION WITH CORPORATE MANAGEMENT AND GOVERNANCE. LETTER OF RECOMMENDATION

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**Abstract** Government-funded university projects aimed at developing human resources, professional development, endowment by acquisition of tangible and intangible assets, inventory items, etc. These projects are audited to ensure that the data and information presented in the accounts related to the specific conditions of the grant agreement are consistent and appropriate. Certain issues of interest to project management and university governance are communicated by the financial auditor on funds to those charged with management and governance through a referral letter. From our professional practice we present a model letter of recommendation.

**Key words:**

audit, fund audit,  
auditor  
communication with  
governance and  
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letter

**JEL Codes:**

H83

### I. COMMUNICATING THE FINANCIAL AUDITOR WITH CORPORATE GOVERNANCE AND MANAGEMENT

With regard to the financial auditor's communication with corporate governance and management, the financial auditor will report on issues identified during the audit of government-funded projects that have come to the attention of the auditor and can be repaired and corrected in the sense that those issues do not affect the principles of independence and integrity of the financial auditor.

The way in which the project auditor communicates government funds to the corporate governance and management can be done through direct or written dialogue depending on the importance and complexity of issues identified by the auditor

Specifically, the financial auditor will consider the following:

1. Responsibility for the presented situations lies with the client;

2. The auditor's fee should not affect his / her independence from the client for the multi-annual audit of government-funded projects;

3. There should be no personal and family relationships;

4. To collaborate with practitioners of financial auditors who have also acquired the quality of financial auditors by funds and trained on fund accounting;

5. Not to participate in the examination of the documents with his / her client;

6. To exclude the attitude of familiarity due to the long duration of the audit, ie its multiannuality;

7. To take into account compliance with:

- The financing contract;
- Fees for the financing contract;
- Project criteria;
- Legislative requirements;
- The regulations in force;
- Funding conditions;
- Conditions imposed by the financing authorities;
- Accounting and control systems regarding their adequacy.

## I. Model Letter of Recommendation

Referring to the issues identified in the audited projects, we present a model Letter of Recommendation for Corporate Governance and Governance:

### LETTER OF RECOMMENDATION

"Financial Audit Firm on Q10 Funds", performs financial audit services for "Q10 University", according to the Financial Audit Service Contract no. W Y / ZL / 20XX, in order to express an opinion on the cost of the project, ie whether they offer a true and fair view in all material respects.

The opinion of the financial auditor was prepared on the basis of the financial audit standards and the audit procedures developed in this respect, which implied the examination, based on tests, of the evidence on the values and disclosures in the financial statements.

This recommendation letter is provided in connection with the audit of your government-funded project at your institution, project titled: X, Based on the examinations, the audit of the project with government funding, we appreciate that:

1. Throughout the audit, we have been communicated and collaborated with project management representatives, corporate governance and department managers who presented us with reports, situations, records, documentation and other information required for fund auditing;
2. The duration of the scope of the audit exceeds one calendar year, a fiscal year, which requires the following works:
  - Highlighting separately the goods acquired through the project by highlighting in analytical accounts for projects;

- Preparation of a file with certified copies of the supporting documents for the project;
  - Monthly (periodic) management reports;
  - Monthly reports related to scientific publications made in specialized and quoted magazines;
  - Periodic reports for the exposure of research results;
  - Monthly (periodic) reports of the persons involved in the project;
  - Discreet accounting system in the university's accountancy for projects.
3. A separate project accounting system involves the inclusion and maintenance of appropriate accounting records and internal control, the selection and application of accounting policies and the supervision of asset safety and at the level of the university.
  4. Regarding tangible fixed assets, we appreciate that it is necessary beside the receipt note, the consumer bill and taking pictures of them and the place where they are located;
  5. In respect of tangible fixed assets of the nature of buildings, buildings subject to experiments and suffering deformations and alterations, we consider that it is necessary to take pictures of them, both before and after the completion of the experiments.
  6. The recommendations made by the commercial financial auditing company "Q10 Financial Audit Company" are pertinent based on technical and experience capacity, proven in the provision of financial audit services and in giving the pertinent and responsible opinion.

Commercial Financial Audit Company on Q20  
Funds

Financial Auditor.....

It acknowledges the audited company name  
"University Q10":

Manager.....

Date, .../...../.....

### CONCLUSIONS:

An audit of government-funded projects does not aim to identify issues that may be relevant to those responsible for corporate governance and management, and financial audit of government-funded projects does not identify all these issues.

The allocated resources and the procurement of goods, services and works necessary for the implementation of the project will aim strictly on the allocation of the resources necessary for the realization of each activity related to the projects financed by the governmental funds including also the cross-cutting activities regarding the project management.

There is a need to keep separate accounting records on each government-funded project, but involves the inclusion and maintenance of project-related accounting records and university accounts called "Q10 University".

It is necessary to have the Accounting Procedures Manual, the application of accounting policies and the supervision of asset safety and at university level.

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