

THE QUALITY OF THE AUDITOR'S REPORT CONSIDERING THE NEGATIVE ASPECTS OF CREATIVE ACCOUNTING METHODS AND PROCEDURES

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ARTICLE INFO	<u>ABSTRACT</u>
<p>Article history:</p> <p>Received 07 August 2022</p> <p>Accepted 01 November 2022</p>	<p>Purpose:The aim of the research is to identify the negative aspects of creative accounting methods and procedures, which have an impact on the quality of the auditor's report, and to identify the role of the auditor in limiting these effects.</p> <p>Theoretical framework:The research was built on the hypothesis that negative aspects of creative accounting methods and procedures affect the quality of the auditor's report</p>
<p>Keywords:</p> <p>Auditor's Report; Accounting Methods; Negative Opinion.</p> <div data-bbox="172 965 475 1205" style="text-align: center;">  </div>	<p>Design/methodology/approach:the researcher used the descriptive method in the theoretical aspect and analysis in the practical aspect. The research was conducted for a sample of data belonging to two banks, one of which is a government sector and the other is a joint stock company, to show the impact of the negative aspects of the creative accounting methods and procedures in the financial statements to shade the business result and the financial position and thus affect the quality of the auditor's report. If he did not exercise the necessary professional care when conducting the audit.</p> <p>Findings:the article task of which came out the negative side of the methods and procedures of creative accounting aimed at misleading the result of realization or financial position, or both affect much in the quality of the auditor's report if those methods and procedures with professionalism and high accuracy and cannot determine the purpose of those methods of accounting to achieve management objectives Third party account.</p> <p>Research, Practical & Social implications:the need to work by the bodies and organizations sponsoring the accounting and oversight profession to update the accounting and control standards and rules in order to keep pace with the development at the present time and to fill the gaps in the face of the negative aspects of creative accounting methods and procedures.</p> <p>Originality/value: consider the necessity of spreading adequate awareness among users of financial reports about the seriousness of the negative aspects of creative accounting methods and procedures and confronting them through legislation and regulations regulating the accounting and oversight profession.</p> <p>Doi: https://doi.org/10.26668/businessreview/2022.v7i4.e656</p>

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A QUALIDADE DO RELATÓRIO DO AUDITOR, CONSIDERANDO OS ASPECTOS NEGATIVOS DOS MÉTODOS E PROCEDIMENTOS CONTÁBEIS CRIATIVOS

RESUMO

Objetivo: O objetivo da pesquisa é identificar os aspectos negativos dos métodos e procedimentos contábeis criativos, que têm um impacto na qualidade do relatório do auditor, e identificar o papel do auditor na limitação desses efeitos.

Estrutura teórica: A pesquisa foi construída na hipótese de que aspectos negativos dos métodos e procedimentos contábeis criativos afetam a qualidade do relatório do auditor.

Design/metodologia/abordagem: o pesquisador utilizou o método descritivo no aspecto teórico e a análise no aspecto prático. A pesquisa foi realizada para uma amostra de dados pertencentes a dois bancos, um dos quais é um setor governamental e o outro é uma sociedade anônima, para mostrar o impacto dos aspectos negativos dos métodos e procedimentos contábeis criativos nas demonstrações financeiras para sombrear o resultado do negócio e a posição financeira e assim afetar a qualidade do relatório do auditor. Caso ele não tenha exercido os cuidados profissionais necessários ao conduzir a auditoria.

Constatações: cuja tarefa do artigo saiu o lado negativo dos métodos e procedimentos de contabilidade criativa visando enganar o resultado da realização ou a posição financeira, ou ambos afetam muito na qualidade do relatório do auditor se esses métodos e procedimentos com profissionalismo e alta precisão e não puderem determinar a finalidade desses métodos de contabilidade para atingir os objetivos de gestão Conta de terceiros.

Pesquisa, implicações práticas e sociais: a necessidade de trabalhar pelos órgãos e organizações que patrocinam a profissão contábil e de supervisão para atualizar as normas e regras de contabilidade e controle a fim de acompanhar o desenvolvimento no momento atual e preencher as lacunas diante dos aspectos negativos dos métodos e procedimentos contábeis criativos.

Originalidade/valor: considerar a necessidade de difundir uma conscientização adequada entre os usuários de relatórios financeiros sobre a seriedade dos aspectos negativos dos métodos e procedimentos contábeis criativos e confrontá-los através da legislação e regulamentos que regulamentam a profissão contábil e de supervisão.

Palavras-chave: Relatório do Auditor, Métodos Contábeis, Parecer Negative.

LA CALIDAD DEL INFORME DEL AUDITOR TENIENDO EN CUENTA LOS ASPECTOS NEGATIVOS DE LOS MÉTODOS Y PROCEDIMIENTOS CONTABLES CREATIVOS

RESUMEN

Objetivo: El objetivo de la investigación es identificar los aspectos negativos de los métodos y procedimientos contables creativos, que repercuten en la calidad del informe del auditor, e identificar el papel del auditor para limitar estos efectos.

Marco teórico: La investigación se basó en la hipótesis de que los aspectos negativos de los métodos y procedimientos contables creativos afectan a la calidad del informe del auditor

Diseño/metodología/enfoque: El investigador utilizó el método descriptivo en el aspecto teórico y el análisis en el aspecto práctico. La investigación se llevó a cabo con una muestra de datos pertenecientes a dos bancos, uno de ellos del sector público y el otro una sociedad anónima, para mostrar el impacto de los aspectos negativos de los métodos y procedimientos contables creativos en los estados financieros para matizar el resultado empresarial y la situación financiera y, por tanto, afectar a la calidad del informe del auditor. Si no ejerció el cuidado profesional necesario al realizar la auditoría.

Conclusiones: la tarea del artículo de la que salió el lado negativo de los métodos y procedimientos de la contabilidad creativa dirigida a engañar el resultado de la realización o la posición financiera, o ambos afectan mucho en la calidad del informe del auditor si esos métodos y procedimientos con profesionalidad y alta precisión y no puede determinar el propósito de esos métodos de contabilidad para lograr los objetivos de gestión Cuenta de terceros.

Investigación, implicaciones prácticas y sociales: La necesidad de trabajar por parte de los organismos y organizaciones que patrocinan la profesión contable y de supervisión para actualizar las normas y reglas de contabilidad y control con el fin de mantener el ritmo de desarrollo en la actualidad y llenar las lagunas frente a los aspectos negativos de los métodos y procedimientos contables creativos.

Originalidad/valor: Considerar la necesidad de difundir adecuadamente entre los usuarios de los informes financieros la gravedad de los aspectos negativos de los métodos y procedimientos contables creativos y hacerles frente mediante la legislación y las normas que regulan la profesión contable y de control.

Palabras clave: Informe del Auditor, Métodos Contables, Opinión Negative.

INTRODUCTION

As a result of the great changes that occurred in the intellectual and practical construction of the audit profession after the financial setbacks that major international companies were exposed to, despite the fact that the auditors of those companies issued reports with a positive opinion that demonstrates the honesty and fairness of presentation in the financial statements, and this is due to the changes taking place in the audit profession was not keeping pace with and parallel with the changes taking place in the business environment after lifting restrictions on the movement of capital between countries and entering the world of global and electronic trade and the emergence of multinational companies, as well as the emergence of negative methods and procedures for creative accounting, which led to increased difficulties in the work of auditors and the level of The risks associated with the audit profession.

My research came to contribute to focusing on the risks of negative methods and procedures for creative accounting, which have a negative impact on the quality of the auditor's report because it misleads business results and the financial position of some facilities to achieve management goals at the expense of other beneficiaries, which unfortunately is called a lot of creative accounting without discrimination. Between the positive and negative aspects of creative accounting for the purpose of avoiding the repercussions of those methods.

Objectives of the research; light of the research problem and its importance, the objective of the research is determined by the Identifying the negative aspects of creative accounting methods and procedures and focusing on their effects in the financial statements and thus affecting the quality of the auditor's report by focusing on its types, procedures, areas, dimensions, relations, and different researchers' viewpoints in it. The need for the audit profession stems from the extent to which many parties use the outputs of this profession, which have different orientations, goals and locations in front of the economic unit subject to audit, and given the spread of the phenomenon of creative accounting methods and procedures without distinguishing between the positive and negative aspects of the effects of those methods, so the negative impact of those methods It is one of the problems that many companies and establishments suffer from, which leads to their exposure to financial losses and scandals. The problem can be formulated in the following questions: (What are the creative accounting methods and procedures that have a negative impact on the auditor's report?; What are the areas in which the negative aspects of creative accounting methods and procedures can be used?; Does the use of the negative aspects of creative accounting methods and procedures constitute a threat to the purpose of accounting

and the audit profession?). The research is determined theoretically in the analysis of creative accounting methods and Procedures that have negative effects on the financial statements .The search was limited to two banks, one of which is a public sector and the other A private contribution ,and to see the list of business results and their financial position For the fiscal year2009 .

METHODOLOGY

The research derives its importance from the Following:

- a. The importance of the auditor's report to all internal and external parties.
- b. The multiplicity of negative aspects of creative accounting methods and procedures and in most Areas, which are unfairly called accounting creativity without distinguishing between the positive and negative aspects of accounting creativity
- c. The possibility for researchers, academics and those interested in different organizations to Benefit from the results of the research.

Hypothesis

Built on the head of research that hypothesis (affecting the negative aspects of The methods and procedures of creative accounting in Quality of the auditor's report.

The scientific method of research

The researcher relied on enriching the theoretical side and some areas of the applied side of the research Arab and foreign books and periodicals and the information network (Internet (as well as the opinions of professors and specialists and on the side Applied data on the result of the work and the financial position of a public sector bank and the last private contribution.

Sample

Two banks were selected, one of them is a public sector and the other is a private contribution, a community for research. Why is this? Banks have a clear and vital role in economic and social development, and this requires giving these banks Clear Interest by departments and researchers so that it can perform its required role

Conceptual framework

Concept of the auditor's report

The auditor's report can be defined as the primary means of communicating with the users of financial statements, which is formulated and at his disposal. Through the report, the auditor can communicate the audit results to external parties, and the auditor can also through the report to It conveys a banner to its beneficiaries and determines the type of confirmation that must be provided, and draws attention to more information that he feels is important in relation to the book or documentary group of the economic unit subject to his audit, as well as about the aspects of organizational performance that fall within the scope of his currency (Samira, 2013:19). It is also defined as the means to provide an opinion on whether the financial statements of the economic unit and related disclosures are provided in accordance with generally accepted accounting principles, and this opinion is based on the control tests and objective procedures that were conducted during the audit, (Louw et al, 2018:542).

The importance of the auditor's report:

The importance of the auditor's report Is highlighted through the following:

Communicating the results of the audit process to the beneficiaries:

As a result of the large Size of the economic units, the need arose for the establishment of departments Units inform Owners and other stakeholders of the financial results of their various activities, and thus data Users need financial statements to a level of reasonable assurance that they are reliable, so They use the information included in the financial statements after their audit.

Way to inform opinion:

Adopt any economic unit in all parts of the world on two Complementary and very important, namely accounting and auditing. Accounting follows all Business operations and economic events of the economic unit, thus providing information Through Financial Reporting While the audit confirms the correctness of this path and gives Credibility to the appropriateness and reliability of the information, the purpose an audit is to Enhance the degree of confidence of users in the financial statements by expressing an Impartial technical opinion about whether the statements Financial prepared in accordance with The approved financial reporting framework (Bogdaniviciute, 2011:8).

Enhancing confidence in the capital markets:

After the financial setbacks that occurred in Major international companies ,confidence in the capital markets declined. Which led to a decline In the level of investment and to restore this type of confidence there are different guarantee Mechanisms, one of which is to rely on a party the third is neutral, and it is the auditor, which Results in a report that includes a neutral technical opinion on the financial statements provided By the economic unit ,meaning another audit leads to giving reasonable assurance about the Reliability of the financial statements in their representation of the financial position of the Economic unit and the results of its operation. The auditor's report was used as a source of Information by several parties, whether internal or external, belonging To the capital accounts (Quick, 2020:5) .The independence and impartiality of the auditor is The basis upon which the audit profession is based ,and it is the main reason why it has gained Acceptance .The general public by the users of the financial statements ,and therefore the audit Profession loses its importance when the confidence of the users of the financial statements in its Results is undermined during the failure to achieve independence in its real and apparent Dimensions in the auditor ,and despite the importance of independence, it is impossible Are fully achieved in the auditor (Baan, 2016:15).

Types of the auditor's repor:

There are many types of auditor's report depending on the Audit opinions contained in those reports, including the following:

The report with a positive opinion

It is one of the types of audit reports that includes Expressing a positive opinion when it is concluded that the financial statements give A clear and True picture of the truthfulness and fairness of presentation in the financial statements ,and fairly Presented in all material respects Relativity.

Report with a qualified opinion

The auditor expresses a qualified opinion when it reaches a Conviction that a positive opinion cannot be expressed .Regarding the financial statements ,and That the reason for this is due to material misstatements in the financial statements ,this type of Opinion is expressed on the financial statements that fairly and honestly represent the reality of The financial position and the result of the work and shall be followed by the exception of item Different) Badawy &

Aly, 2018:184) the cases that lead the auditor to express a conservative Opinion belong to three types: Cases which are (material and unjustified departure from the application of generally accepted accounting principles , inappropriate level of disclosure , identification of The scope of the audit so that the effects of that determination on the financial statements are material, such as undetected material misstatements due to The existence of determining the scope of the audit process (Budisantoso, Etal, 2017:532).

Report with Negative Opinion

The auditor expresses a negative opinion when it reaches the Conviction that the financial statements as a single unit are misleading .Because of a widespread, Fundamental and unjustified departure from generally accepted accounting principles ,as well as The lack of disclosures at the required level ,as the negative opinion is a rare thing because the Auditor usually presents a set of recommendations before issuing Negative opinion ,and the Economic unit is often committed to implementing those recommendations (Talib et al., 2017).

Abstaining from expressing an opinion

The auditor refrains from expressing an opinion and Apologizes for accepting the audit assignment when the expected effect of the fact that the Management of the economic unit imposes a restriction on the scope of the audit process or the Degree of uncertainty, both serious and comprehensive ,so that it cannot be the auditor is able to Obtain sufficient and appropriate evidence or presumptions to help him reach conclusions upon Which he builds a banner in the data Financial ,and in this case that illustrates the attic in his type Of restriction imposed on the scope of currency and procedures in this regard (Audit Manual Al-Iraqi No ./2, 1999:5).

Responsibilities of the Auditor

The responsibility of the auditor for the audit process assigned to He by the Audit Committee is to give reasonable assurance on whether the financial statements fairly and honestly reflect the reality of the financial position and the result of the operation of the economic unit and to provide Report to users of financial statements (Grandeur, 2019:135).(Based on the concept that an economic unit is a group of Contracts between several parties related to the economic interests of unity and continuity of care and growth ,and is released in the financial reports In order to serve society as a whole, given that the economic unit is part of society ,and on this basis, this should be disclosed Reports on the extent of unity and economic contributions to society(Devi & Khan, 2020:165).

Since every profession seeks to obtain the satisfaction of its customers by providing the best services at the lowest possible costs, so the auditors are obligated to examine and evaluate the internal control system of the economic unit subject to audit, as well as refrain from providing all services not related to the audit of the financial statements submitted to the auditing company. As well as updating the old auditing standards and issuing new ones, and the violation of the above procedures leads to a decrease in the quality of the auditor's professional performance (Olthof, 2017:13).

(Iddriso, 2015:13) consider It does not require the auditor to monitor and detect fraud and errors specifically unless it is required in the letter of the contract, either the possibility of the existence of illegal acts whether or not it requires the auditor's resurrection designed to enable procedures to detect any irregularities affecting the balances shown in Financial data. In 1995 the Audit Practices Board issued (ApBB) in the United Kingdom SAS No 410. (.1995)ApBB, (which required the use of analytical procedures during the planning and final review stages of the audit (Sammaha & Hegazy, 2010:887).

The performance of analytical procedures has become an integral part of the audit process and several studies have confirmed in various countries, to increase the use of these procedures (Kritzinger, 2015:1). Analytical procedures are defined as (methods or techniques used by the auditor to assess and collect relevant data and sufficient evidence). Imoniana, et al, 2012:286). The importance of analytical procedures is to assist the auditor in quickly identifying potential fraud and anomalies, thus providing a higher level of assurance (Li, et al, 2017:59).

Negative aspects of creative accounting methods and procedures

It gives generally accepted accounting standards and international accounting standards Room to choose between accounting alternatives for many items and items that affect the lists Finance This task falls on the shoulders of management, as it chooses an accounting method that will It provides useful information to its users as it is most useful to help them make a decision Rational economic decisions, but the management's choice of accounting methods and policies And the method of its disclosure is often affected by the objectives of the administration, which leads to It results in negative effects on the quality and transparency of the published and advertised information About it (Dahmash et al., 2005)

The concept of the negative aspects of creative accounting methods and procedures

Given that the methods and procedures of creative accounting, which will be mentioned in the following, contradict the general trend of accounting information because it achieves the

objectives of management at the expense of other parties, and thus it is not impartial information and does not honestly reflect the result of business and financial position. Therefore, it is called the negative aspects of creative accounting methods and procedures, whose concept is evident through the acquaintance listed below:

Defined as the legal use of accounting principles and rules in a way to distort and falsify financial statements (McBarnet & Whelance, 1999). Also (Jameson, 1988:7) since the accounting process includes addressing many issues of governance and resolving the difference between the competing approaches or approaches in order to present the results of financial events. This flexibility provides opportunities for manipulation, fraud, deception, misrepresentation, or misrepresentation. These activities, which resulted in the elements of the accounting profession, became known as creative accounting. It was also defined (as the deliberate inhibition of fluctuations in the company's income level so that it appears to be in a normal situation) (Barnea et al., 1976).

It is also defined as (the process of addressing accounting numbers by exploiting the gaps in the accounting principles and selecting standards and clarifications in order to transform the financial statements from what they should be to the situation that the user of the financial statements prefers (Naser, 1993). As I knew it was synonymous with accounting deceptive as it involves accounting techniques allow companies to report financial results are not depicted the fact that commercial activities (Griffiths, 1992:1).

It was also defined as the process of manipulating the accounting numbers by taking the advantages of ambiguity in the rules and choosing disclosure and measurement practices among these rules to change the financial statements from what they are to become in the form desired by the preparers of these lists (Mohammed, 2009).

The researcher believes that each of the above definitions is closer to the concept of fraud than the concept of creativity, but unfortunately, they were called definitions of creative accounting. The truth of the matter is that in this matter there is unfairness and unfairness to the concept of creativity in general and to the accounting profession in particular, and for the reasons that the researcher determines in the following:

1. These methods and procedures contradict the concept of creativity in general, which is to add

Something new and useful to all parties and does not exist Previous and original.

2. These methods are inconsistent with the content of the definition of accounting provided by the American Institute of Certified Public Accountants, which stated (that accounting It is a service activity, the function of which is to provide quantitative

information , mainly of a financial nature , about a specific facility and its purpose is to be useful to those involved in Make rational Economic decisions.

3 .If these methods are contrary to the principle of objectivity (the reliability of accounting Information (to the fact that these methods are based on gaps in principles Accounting, this is first and second, because these methods work to beautify the image of income or financial position and show it unreal, and also this It contradicts the ultimate goal of accounting, Which is to show the result of the business and the financial position as it is without Distortion ,honesty and impartiality.

4 .The accounting profession has not reached such a point of deficit that it cannot provide what is Useful and new to the beneficiaries, or that anyone innovates Accounting specialists by creating New methods or procedures that can be called creativity or innovation, especially because Accounting is a science like other sciences is constantly evolving and thus makes it resort to Exploiting accounting bias methods and taking advantage of opportunities and gaps in Accounting principles and use them to beautify the image of the financial position and income and based on the whims of the beneficiaries and call them accounting Creative. And the most objective term ,according to the researcher's opinion, is to call such methods accounting bias, which can be defined as) it is a set of methods and procedures that are followed by some specialists to show the financial position or the result of unrealistic work to achieve the goal or objectives of the beneficiaries of those The results and at the expense of other parties benefiting from the exploitation of flexibility or the gap in some accounting principles that allow a choice between some alternatives, which is incompatible with the principle of impartiality in providing accounting information.

Negative methods of creative accounting

There are many methods and procedures for manipulating accounts, and their classifications vary and can be identified Balati (Mulford & Comisky, 2002)

Utilitarian accounting:Is the insistence on testing and applying specific accounting methods To achieve desirable goals, including achieving high profits, whether the accounting practices Followed are based on generally accepted accounting principles or not.

Income management: Is the manipulation of income with the aim of achieving a goal Predetermined by management or predicted by an analyst .Financial ,or to be compatible with Specific business practices.

Income picture smoothing: a form of income manipulation that involves moving income Between periods of varying level by reducing Income in good-income years and transferred to Low-income years ,and this is a form of manipulation that depends on Achieving increased Profits in income and keeping them in the form of allocations for periods of time with income Low (Stolowy & Breton, 2000:18).

Financial Reporting Manipulation: Defined as intentionally showing false data or omitting or Concealing certain values in the financial statements. With the aim of misleading the users Of financial statements ,and this type of manipulation is considered an act that is against the law .

Practices of Creative Accounting Methods

Referring to Bambooweb To me, creative Accounting is the use of deviant practices It differs from standard, standard or familiar accounting practices ,and is distinguished by the use of modern, complex and innovative Methods and practices to obtain fictitious profits by manipulating the values of expenses and Revenues. that the negative aspects of the methods and Procedures Of accounting creative in the financial statements are valuable as follows:

a.Passive creative accounting methods in the list Income:These methods may include the Following:

1. **Early Revenue Recognition:**In the sense of recording the revenue quickly, while the sale process is Not still questionable, and in this way it is recognized with income from the sale process before the Process itself is completed on the ground and before the exchange process is completed Benefit, this Method In recording fictitious revenue or fake.
2. Increasing income by increasing profits for Selling an asset that is less than the truth, as well as Considering the return on investment as part of the income, In addition to recording the return on Investment as operating income.
3. Transfer of current expenses to previous accounting periods or suffix.
4. Transfer of current revenue to a fiscal period suffix:This method aims to reduce Current profits and Their transfer to a subsequent financial period need it more the urgency of.
5. Transfer Expenses incurred by the company in the future to the current financial period due to Circumstances especially.
- 6.

b. Negative creative accounting methods in the statement of financial position:

The following is a presentation of opportunities for manipulation of values Accounting using creative accounting methods in the list of money center (Darwish, 2009):

1. **Intangible assets:**As items of intangible assets are overvalued Such as trademarks in addition to Accounting recognition with intangible assets, including It violates the principles and Rules stipulated within international accounting standards, such as recognition not famous Purchased, in addition to making unjustified changes in the valuation methods used reduce these Assets.
2. **Assets fixed:**Where the principle is not adhered to Historical cost in determining its carrying amount In the budget is also manipulated extinction rates recognized assets by reducing them from those Ratios used in market.
3. **Traded investments:**even it's happen Manipulation of market prices that are used in the valuation of a portfolio of securities, in addition to Make cuts Unjustified in allowances for lower prices.
4. **Cash:**In this section, no disclosure is made monetary items fixed in the records, manipulation of Exchange rates used in translating items Cash available in foreign currencies.
5. **Long term investments:**Changing the accounting methods used in accounting for long term investments.
6. **The findings emergency:**Where potential assets are proven before they are ascertained, such as The revenue expected to be collected from a lawsuit judicial action against one of the clients before Issuing a ruling on it.
7. **Current obligations:**like not including the installments due during the current year from long-term Loans within the obligations circulating ,In order to improve liquidity ratios.
8. **Commitments long term:**Like getting long-term loans before the budget is announced, with a view To Use it to pay off short loans Term, to improve the proportions Liquidity.
9. **Inventory:**In this item are concentrated operations manipulating and practicing creative accounting Methods in including inventory statements obsolete merchandise items In addition to price Manipulations evaluated, unjustified change in the method Inventory pricing.
- 10.

c .Passive creative accounting methods in the cash flow statement

The statement of cash flows displays all cash inflows and outflows In terms of its sources and uses during a certain period of time. The flows are manipulated operating cash with the aim of evading partly from paying taxes, by making adjustments in Operating cash flows, such as reduction of gains on the sale of investments and some equity the same applies to incomplete operations, as they affect cash flows operating by removing the tax effect on these operations from the cash flows operational. D .Negative creative accounting methods in the list of changes in rights Ownership The statement of changes in equity is the link between the income statement and the The statement of financial position, which is determined by monitoring and following up the changes that occur in the items Ownership rights from the beginning of the financial period to its end accrual basis. All items in this list are subject to the use of accounting practices Creative by making fictitious changes in increasing or decreasing the paid-in capital.

Results

It was in the practical side of the study and analysis of cases on the negative aspects of the methods and procedures of creative accounting in the research sample banks and their implications in the income statement and financial position of the companies surveyed.

Table (1) Explains the negative aspects of the creative accounting methods and procedures practiced in a bank (public sector (and its impact on the result of the activity and the financial position

Activity Result for the year 2008		Passive creative accounting procedure accompanying the method	Passive method of creative accounting and paragraph
The truth before practicing creative accounting methods and procedures	In light of the negative methods and procedures of creative accounting		
(26927910000((twenty-six billion nine hundred and twenty-seven million nine hundred and ten thousand dinars).	(130672090000((one hundred and thirty billion six hundred seventy two million and ninety thousand dinars).	Increasing the income through making an entry adjustment in the amount of)157600000000 ((One hundred and fifty-seven billion six hundred million dinars of currency revaluation differences for the year 2004 to calculate the revenues for the year 2008 (revenues of previous years)	Manipulation of net income

Ameri , et al (73:2012 , .Adapted by the researcher

It is evident from Table (1)that the result of the activity (net profit) appeared more than its reality with a difference of (103744180000)only one hundred and three billion seven hundred and forty-four million one hundred and eighty thousand dinars -130672090000) (26927910000and this increase was due to the negative methods and procedures of creative

accounting ,which were Through currency revaluation differences for the year 2004 to calculate the revenues for the year 2008 (revenues of previous years). The nature of the negative creative accounting methods and procedures that were followed in the bank in (2008)and led to the above difference is represented in the transfer of an amount of (157600000000 (one hundred and fifty seven billion six hundred million dinars from the currency revaluation differences for the year (2004)to account for the revenues for the year ((2008 (revenues previous years) it has been relying on the provisions of the companies Law No (22) .for the year ,(1997)banking Law No (94) .for the year (2004)and the Central Law Bank No (56) .for the year (2004)show that what he has done the bank is a legal violation where None of the above laws permit deduction of any amount from the currency revaluation differences and classifying them on the revenues of previous years. The result of this method made the bank the difference in the result of the activity mentioned in the above, on the basis of which the bank distributed profits to the employees, including the management of the bank, in the amount of (13509509000) (thirteen billion five hundred and nine million five hundred and nine thousand dinars) .Accordingly, the process of calculating the profit distribution for the year ,(2008)including the employees' share of the profits, is incorrect because the basis on which it was relied is illegal.

Table (2) Explains the negative creative accounting methods and procedures practiced in the bank (special contribution (and its impact on the result of the activity and the financial position

Activity result for the year 2009		Passive creative accounting procedure accompanying the method	Passive method of creative accounting and paragraph
The truth before practicing creative accounting methods and procedures	In light of the negative methods and procedures of creative accounting		
9741106701 dinars (nine billion seven hundred and forty-one million one hundred and six thousand seven hundred and one dinar.(11639223014 dinars (eleven billion, six hundred and thirty-nine million, two hundred and twenty-three thousand and fourteen dinars.(Show profit more than truth through: 1 .Credit risk allowance Cash and pledge Distribution For profit and not a burden on him. 2 .Income tax Distribution of Profit and not an expense	Manipulation of net income

(Ameri , et al,78:2012 ,) .

It is clear from the table that the result of the activity (distributable surplus (appeared more than its reality with a difference of (1898116313)only one billion eight hundred and ninety-eight million one hundred and sixteen thousand three hundred and thirteen dinars (9741106701-11639223014)and this increase was due to the negative methods and procedures of creative accounting ,which were By showing the expenses of banking operations under the amount of the difference ,which affected the surplus of current operations and then the

distributable surplus , and this procedure led to an increase in the shareholders' equity in the statement of financial position by the amount of the difference above , and therefore the negative methods of creative accounting affected at the same time on the result Business and financial position. The nature of the negative creative accounting methods that were followed and led to the above difference are as follows:

1. Considering the cash and pledge credit allocation as a distribution of profit and not as a burden On it, and this is contrary to the principle of matching revenues with expenses .And that Because the allocations and according to the unified accounting system for banks and Insurance companies, the allocations are real burdens that are difficult Determine the exact Amount.
2. Considering income tax expenses as a distribution of profit and not an expense that appears in The income statement, and this is in violation of Rule No(13) . (Accounting for income tax) ,which requires that the tax be considered as an expense in which the income statement is carried in order to arrive at the distributable income. And that the negative methods of creative accounting above was adopted on the pressures of public administration and led to what led him to show the result of realization and financial position of the non - reality to achieve management objectives for the purpose of distribution of salaries and incentives unlawfully have violated the accountant so the rules and customs of the accounting profession and caused its procedures to disrupt the characteristics of accounting information Including reliability (objectivity) because the information shown in the results of the business and the financial position did not reflect the real situation of the banks and the accounting information was not characterized by impartiality because it achieved the objectives of management at the expense of other parties. The auditor also did not disclose those methods in preparing his report in order to express his neutral technical opinion, and thus he violated the rules and norms of the audit profession, as well as the considerations to be taken into account by the auditor regarding the methods of accounting bias when auditing financial statements, the most important of which was set by International Auditing Standard No(240) .

CONCLUSIONS

1. The negative side of creative accounting methods and procedures often takes the character of Manipulating accounting numbers by exploiting opportunities Getting rid of the commitment to Accounting principles because of flexibility through alternatives

to measurement and accounting Disclosure to show the result of the work or the financial position is not what it is, and this was Clearly demonstrated by influencing the result of the business and the financial position of each of The two banks the research sample as it appeared more than it is in the bank (public sector (with An amount of only (103744180000)one hundred and three billion seven hundred Forty-four million And one hundred and eighty thousand dinars, which is a very high rate of increase, as well as the bank .A private sector has also appeared in more than its truth is in the amount of (1898116313)only One billion eight hundred ninety-eight million one hundred and sixteen thousand three hundred and Thirteen dinars this is a high percentage.

2. The situation in each of the two banks, the research sample, indicates a clear weakness and fraud On the part of the accountants and their lack of adherence to ethics .Accounting work, which helped In the occurrence of these serious deviations.

3. The situation in each of the two banks, the research sample, indicates a clear weakness in the Internal control bodies, or their complicity with them accountants, which helped the occurrence of These serious deviations.

4. The negative side of creative accounting methods and procedures affects the reliability of Accounting information, and this is shown by showing a result the business and financial position Are not true in each of the two banks, the research sample, and in large, illogical numbers

5. Failure to refer to these methods and serious deviations by the auditor has affected the quality of The auditor's report Thus, it indicates the auditor's lack of adherence to the professional and Ethical rules of the audit profession .

6. Creative accounting *methods* and procedures are often carried out by specialized accountants with A high degree of skill and knowledge of principles and the accounting rules ,so the process of Discovering these methods is not easy, but you need to be an experienced auditor Scientific and Practical to avoid the retaliation of those methods.

7. The goal of negative creative accounting methods is to show the result of the business and the Financial position in an unreal way to achieve the purposes and goals Management at the expense Of other beneficiaries.

8. The negative creative accounting methods find their scope in the absence of efficient oversight Bodies or do not adhere to the rules and ethics of the profession.

9. Not spreading sufficient awareness among users of financial reports about the seriousness of the Negative aspects of creative accounting methods and procedures and

confronting it through the Legislation and regulations regulating the profession of external monitoring.

RECOMMENDATIONS

1. The need to work by the bodies and organizations sponsoring the accounting and oversight Profession to update the accounting and control standards and rules in order to keep pace with The development in the business environment and to fill the gaps in the face Of the negative aspects of creative accounting methods and procedures.
2. The necessity of spreading sufficient awareness among users of financial reports about the Seriousness of the negative aspects of creative accounting methods and procedures And confronting it through legislation and regulations regulating the accounting and Monitoring profession.
3. The necessity of selecting the accounting and control elements who possess sufficient scientific and Practical experience and are distinguished by integrity, honesty and development their skills all The time.
4. The need to focus on the importance of adhering to the rules, norms and ethics of the profession.
5. The necessity of establishing deterrent measures against accountants or auditors who are similar in Adopting negative creative accounting methods in order to achieve To the wishes of others and To prevent them from practicing the profession and to give the subject the necessary importance From all concerned parties at all times and the circumstances ,especially at the present time, due to The high rates of financial and administrative corruption that are rampant in the country, for fear of Being dragged some with the storm as well as to preserve the accounting profession and oversight From misconduct and maintain the ethics of the profession that is seen everyone is faithful and Savior from crises and misconduct.
6. The necessity of expanding the responsibility of the auditor with regard to discovering the negative Aspects of creative accounting methods and procedures.
7. The necessity of determining the additional services provided by the auditor to the beneficiary Parties in the audit contract and the necessity of the auditor's adherence to them The need to specify the auditor's wages in the audit contract, and that the wages be commensurate With the tasks required of him to accomplish

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