

Full Length Research Paper

The extent of realizing the external auditors of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies empirical study on the Saudi environment

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Abstract

The study aimed to identify the Extent of Realizing of auditors to creative accounting methods and countermeasures in the financial statements issued by public shareholding in the Kingdom of Saudi Arabia. To achieve the objectives of the study questionnaire was developed and distributed to the legal accounting firms licensed to practice the profession in the Kingdom of Saudi Arabia's (146) offices, according to a statement DFI Arabia of Certified Public Accountants, as in 06/04/1436 AH. (100) questionnaire has been distributed, adopted them for the purposes of analysis and study (88) questionnaire comprising a (98%) of the questionnaires recovered. Findings of the study indicated that the auditors have high awareness and understanding of the methods of the exercise of creative accounting, as they realize and understand the counter-measures to creative accounting methods in the financial statements issued by Saudi public shareholding companies. The results also showed exposure of Auditors in the Kingdom of Saudi Arabia under great pressure from the departments of corporations to overlook the creative accounting practices under pressure rotated in the coming periods, and that many of the auditors are forced to overlook the creative accounting procedures under the pressure of competition and the fear of the client and that it has a large proportion of the auditors do not approve of accepting creative accounting practices, despite its presence diaper on their interests and reputation of the profession. And this shows that the auditor is under several conflicting motives as to respond to the pressures of department's client companies, and loyalty stretched entrusted to them to shareholders, and the pressures of competition in the market and nappy on their interests, and legal responsibilities of possible exposure. The study recommended the necessity of a strong stand-alone device to monitor the legal accounting offices that deal with the public shareholding companies, and work to find solutions to the competitive pressures faced by the audit firms to enhance the independence of solutions. The research recommends further studies have to be conducted for looking at finding neutral parties other than the General Assembly for organizing ways for auditors' assignment, their replacing and terminating.

Keywords: External auditing, creative accounting, countermeasures creative accounting.

INTRODUCTION

The problem of manipulation in the preparation of the financial statements of public shareholding companies

from more themes that ran accounting thought in the recent period in pursuit of bringing improvement in the

income statement or financial position depending on the multiplicity of alternatives available in the accounting policies used in the preparation of financial statements in order to serve the management objectives, a so-called it creative accounting term, where many of the names and synonyms that reflect these methods such as Earning management, and cosmetic accounting and accounting adapted. All of which reflect the management of the development of accounting policies and estimates methods in order to influence the number accounting profit, which was disclosed in the reports and financial statements according to their strategies and goals as the report on profits. (Ahmed Alnaami, 2009). Since the main objective of the process of examining the financial statements by an independent external auditor references according to a statement Auditing Standards No. (1) Of the American Academy of Certified Public Accountants (AU Section 110) SAS No. (1), is simply to make technical opinion neutral in the fairness of the show's financial position and results of operations, and changes in financial position in accordance with accounting principles generally accepted. (Khudair, 2009) So the auditor demands to make sure that the financial statements data enjoyed enough of the appropriate reliability and free of any manipulation or mislead as he demands references accounting policies and estimates as they have a profound impact in the detection of photo manipulation in the financial statements for extent of realizing the external auditors of the creative accounting methods and countermeasures in the financial statements, issued by the Saudi public joint stock companies.

Research Significance

The importance of this research emerges from the role of the auditor in response to attempts by management and motivation in interpretation of accounting policies and standards in a radical way to prepare financial reports concentrating on their interests besides applying the importance of taking the necessary steps to verify the management which did not intervene in the financial reporting process in order to obtain private benefits in addition to access the results may contribute to strengthening the confidence in the auditing profession. Besides, the importance of the research of their contribution to shed light on the activities that can be practiced by the departments of companies to adapt the accounting profits in order to achieve its objectives, in addition to the importance of recognizing fraudulent financial statements methods, which represents the risks that do not have any financial statements which are free from exposure to risk and its negative effects on companies , employers interests and the national economy in general.

Research Objectives

1. Identifying essence of (creative) accounting methods and procedures.

2. Specifying the perceptions of auditors in the Kingdom of Saudi Arabia to apply creative accounting methods and their impact on the financial statements.
3. Recognizing auditing procedures that concentrate on the creative accounting methods.
4. Reviewing the previous studies on creative accounting and its findings and recommendations.
5. Making appropriate recommendations based on the research findings with regard to creative accounting practices along with the role of auditors of computing in discussing the impact on the financial statements.

Research Problem

The research problem focuses on identifying the extent of awareness of the external auditors in the Kingdom of Saudi Arabia to the methods of creative accounting and countermeasures attempts management and motivation for the use of accounting standards in preparation of financial reports in order to obtain private benefits due to these methods from a profound impact in the shake confidence in the information contained in the published financial statements by public shareholding companies. The research problem can be summarized in the following questions:

1. What is the awareness and understanding of the external auditors in the Kingdom of Saudi Arabia to creative accounting methods in the financial statements issued by Saudi public shareholding companies?
2. What is the awareness and understanding of the auditors in the Kingdom of Saudi Arabia to the procedures of anti-creative methods of accounting in the financial statements issued by the Saudi public shareholding companies?
3. Does the external auditors exposed to pressures from corporate departments to overlook the creative accounting practices in the financial statements issued by Saudi public shareholding companies.

Research Hypotheses

The First Hypothesis: The external auditors do not realize nor understand the methods of the exercise of creative accounting in the financial statements issued by Saudi public shareholding companies.

The Second Hypothesis: The external auditors do not realize nor understand countermeasures to creative accounting methods in the financial statements issued by public shareholding companies Arabia.

The Third Hypothesis: It is not exposed to the external auditors of the pressure from the departments of public shareholding companies to overlook the creative accounting practices in the financial statements issued by public shareholding companies Arabia.

The Theoretical Framework for Creative Accounting, the Role of Auditors and Previous Studies

The main aim of the external auditing of the accounts is to increase confidence in the financial statements along

with making sure they are free of distortion or willful and essential modification that some management companies have practiced to achieve certain goals (Khudair, 2009). Therefore, the auditors have confront to the management and its motivated attempts for using accounting standards regarding preparation of financial reports reconciling the check in order to obtain private benefits. Pressure on the auditing profession has increased in the wake of the unexpected collapse of a large number of financial institutions since 1987 which is known as the collapse of the financial market as a result of fraud management and scandals, the collapse of many financial organizations in 2001 because of manipulation and misuse of available resources, low ethics of some departments of organizations, and the offices of global auditing which focuses on the issue of fraud management and manipulation of financial statements, the role of auditors and their responsibility for the discovery of fraud and material misstatement in the financial statements (Lutfi, 2005).

Creative Accounting is considered one of the challenges faced by auditors since its appearance in the eighties of the twentieth century, when the companies encountered economic difficulties, and the pressure to produce profits, so he saw the management as if they cannot achieve the profits they can fabricate them to influence the profits based on the multiplicity of alternatives available in accounting policies and flexible application of accrual basis of accounting. This phenomenon has been known as Artificial Accounting Practices, which means adapting the methods of accounting and estimates by management objectives as the report on profits in order to avoid certain contractual positions, or to report on the satisfactory level of profit as traditional management performance measure, (Abu al-Khair, 1999) where many of titles and synonyms appeared that reflect these methods such as creative Accounting and Earnings Management and Accounting Aesthetic Cosmetic Accounting, abusive and Accounting (Aggressive Accounting) pave income (Income Smoothing) (Fraudulent Financial Reporting) and all of them reflect the management adapting methods , accounting policies and estimates in order to influence the number accounting profit, which was disclosed in the reports and financial statements according to their strategies and goals as the report on profits. (Mustafa, 2000).

Consequently, creative accounting is defined as the management using the judgments and permissible estimates in the accounting measurement, both in the formulation of economic events of the facility structure in preparation of financial statements for the purpose of modifying the content of the financial statements to reflect the economic performance of the desired property, so as to ensure a particular purpose of the management towards some users financial statements or to influence the contractual returns depends on the accounting figures

in the reports and financial statements, and the artificial accounting practices which provide practical instruments for enabling management to postpone part of the profits that belong to the current period for the next period or accelerating earnings in the next and in the current periods, (Obaid, 2004).

Subsequently, creative accounting has many definitions as the one specified in the study of (Griffiths, 1976), it is synonymous with the terms of deceptive accounting involves accounting techniques which allow the companies to report its financial results are not portrayed fact commercial activities. (Nasser, 1993) defined the creative accounting as the processing of accounting numbers by exploiting weaknesses in accounting principles and the selection criteria, explanations in order to transform the financial statements of what the process ought to be a situation in which the financial statements user prefers to identify or it is the process by which regulated transactions in the consequent accounting results which are required in advance rather than neutral and consistent results will be. While (Amat et al, 1999) defines creative accounting as a process to address the accounting numbers exploiting terms in accounting principles , criteria and offered by alternatives for the purpose of converting the financial statements, which must be intended for that purpose.

Additionally, (Matar al-Halabi, 2009) have explained that creative accounting is the manipulation of accounting figures through the process to seize the opportunity to get rid of the obligation of accounting rules, alternatives to the measurement and disclosure of applications for the transferring of financial data, which must be it to the preferences of these data processors .

Abu Al-Khair, (1997) definition of the creative accounting is the management of the profits through attempting management effectiveness on the number declared profits in the short-term self-interest, where the management has a great freedom to choose the used accounting procedures for the preparation and presentation of financial statements, this freedom provide them necessary to achieve two main goals instruments. The first accounting policies that lead to increase revenues and reduce expenses to the same period in order to increase profits as the management rewards usually associated profits prescribed application, the second is to maximize the market value of the company where they are greatly affected by the expectations of analysts for quarterly earnings and management know that failing to achieve profits in line with analysts' expectations will result in reduced market value of the company so it will work on the choice of accounting procedures that lead to increased profits for dealing with financial analysts forecasts. (Bamea et al, 2006), earnings management has been known as the deliberate inhibition of fluctuations in the company's income level at the normal situation (Mulford & Comisky. 2002), have pointed that the management can through freedom or

flexibility allowed by generally accepted accounting principles which changes that impression about the company's performance using accounting methods and abusing of permissible flexibility by accounting principles to change the content media of the financial statements is the so-called earnings management flexibility of the accounting principles that allows management to show the number of profits which commensurate with its desire. In a study aims to develop a strategy for reducing the negative effects of the use of creative accounting in the Jordanian public shareholding companies, (Jarar, 2006) concludes in his study that the Jordanian public shareholding companies apply creative accounting methods to varying degrees, which manipulates the elements of financial statements and practiced deception operations.

Konrath (2002) conducted a study that focused on some cases of fraud that led to the distortion and falsification of financial reporting and the areas of related risk such as recording fictitious sales, and the use of reserves to manipulate the revenue and confused expenses, revenues, capital expenditure, and early recognition of incomes before achieving and transactions with the related parties to the postponement of the recognition of scientific practices some of the due expenses.

In a study dealt about manipulation motives of (The Financial Numbers Game) which conducted by (Mulfoed & Comiskky, 2002), as this study explained that the motives of manipulation aims to create a different impression about the company's performance to the users of financial statements in order to achieve the desired results, such as increasing the company's share price in inches, and in other cases be motivation is to improve the company's debt ranking and lower interest rates on borrowed funds or motivation that may be increased management bonuses on the basis of net income.

Management in the public shareholding companies' of earnings management practices for several reasons, including access to the largest amount of bonuses and the impact on stock prices in the capital market and reducing the risk of violation of the terms of loan agreements and avoiding exposure to the responsibilities on the part of regulators. (Healy & Wahlen, 1999)

Matar, (2000) concluded in his study that more facilities for using of accounting creative procedures is liquidizing, which requires paying remarkable attention towards these actions and then detecting the effectiveness of serious financial indicators that can be detected by quantitative analysis of the data, which usually appear in the form of trends or ratios or rates.

Regarding the role of auditors of the creative accounting was reported in the International Standard No. (315). The objective of auditing is to identify the risks of material misstatement and appreciation, whether due to fraud or by a mistake through understanding the entity

and its environment, including internal control so as to provide a reasonable basis for the design of scientific and implementation checking on the estimated risk of distortion of the fundamental light. Therefore, the auditors examined the profits shown by the user comparative income for companies reflect whether profits disclose the actual performance or is it just a fraud figures for gaining profit as a result of accounting creative procedures through the use of accounting policies, procedures and alternative advantages with unexplained changes by management on those policies. (Matar, 2006)

Rabin, (2004) conducted a study entitled "Determinates of auditors attitudes toward creative "accounting" which aimed at measuring the auditors trends on creative accounting and factors practices that affect the creative accounting in the United Kingdom practices concluded that the practice of creative accounting affected by a number of internal and external issues with associated internal financial and unexpected outcomes with the desire to obtain financing and foreign loans as well as weak control of the facility caused by poor management, the ethics of managers and administrative systems by concentration of specified number of individual powers, but external factors with the nature of the ownership of the facility.

In the study entitled "The role of the auditor in the face of the challenges of creative accounting (the manipulation of accounts). (Mohsen Babaqi.2006) offered some of the actions that emerged from the literature review to control such practices with clarifying the role of the auditor in reducing creative accounting practices in order to decrease the misinformation in the financial reports.

Farmer, et.al.(1987) explained in his study that reviewer may fall under the influence of conflicting motives which may affect the appreciation of the client choices of auditing process. In addition to these conflicting motives which may allow reviewer to accept the way the performance of an extremist reports or offensive aggressive reporting method. Similarly, reviewer may fall under several motives may be allowed to accept the client auditing practices regarding management of the profits.

RESEARCH METHODOLOGY

The study adopted a descriptive research methodology, analytical field where at the level descriptive research used a literary survey besides reviewing the field and the theoretical studies regarding the creative accounting for finalizing the bases and premises which has the theoretical framework along with analyzing the most previous studies about the creative accounting which forms an important support for the research, while the analytical field research level, the field survey was conducted in addition to analyzing the accumulated data through answering the questioners and the use of appropriate statistical methods.

The Study Population and Sample

The study population and sample were selected from the registered legal accounting in accordance with statement of the Accounts Organization where the study population consisted of (146) offices where a random sample of (100) accountant legally distributed a questionnaire on them, as (91) questionnaires were collected from them by (91%), have been eliminated (3) questionnaires for non-validity of the analysis, and thus analyzed (88) questionnaire comprising (98%) of the returned questionnaires.

The Research Instrument

Depending on the theoretical framework and previous studies from using questionnaire developed by (Siam, 2009), the researcher developed a questionnaire for this research which consisted of two parts where the first one included demographic data for the study sample (specialization, practical qualification, years of experience) so as to ensure the availability of the required information to answer the questions, while the second part has involved the paragraphs regarding the extent of awareness of the external auditors to creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies. The questionnaire consisted of (70) items as it is requested from the study sample to determine their answers according to the five-graded scale, which consists of five levels according to their weights digitally as follows:

I agree strongly	I agree significantly	I agree moderately	I agree to a low degree	I disagree
(5) degrees	(4) degrees	(3) degrees	(2) two degrees	(1) one degree

Statistical Processing Methods

The following statistical methods are used to achieve the research objectives and testing its hypothesis:

1. Cronbach's alpha Cronbach's Alpha test to ascertain the reliability of the study instrument.
2. Normal distribution test to study data using torsion Skewness coefficient.
3. Descriptive statistics and ratios to find duplicates and the center of my account and standard deviation of the data of the study.
4. (One Sample of T-test) is used for comparing the sample mean with hypothetical mean for a certain population where the specialty which obtains the mean which is higher than the hypothetical mean for available separation point in the study sample equals to 3 (Basheir, 2003).

Display, analyze and discuss the results of the study. First, the analysis of the demographic characteristics of the respondents to the questionnaire

Table 1: The sample distribution according to academic qualification

Description	Frequency	Percentage
Doctorate	3	3.5%
Master	11	12.5%
Bachelor	74	84%

Table 2: Distribution of the sample in accordance with the scientific specialization

Description	Frequency	Percentage
Accounting	68	77%
Finance and Banking	12	14%
Business Administration	5	6%
Other	3	3%
Total	88	100.0%

Table 3: Clarifying Years of Experience

Description	Frequency	Percentage
1-5 years	17	19%
5-10 years	49	56%
10 years and above	22	25%
Total	88	100.0%

Table 1 shows the results of the study sample answers to the analysis of the first section of the questionnaire questions on demographic characteristics of the respondents, is evident from the table that the majority of the respondents of a Bachelor's degree at a rate of 84%, then followed by respondents who hold master degree are 12.5% and members respondents who hold doctoral degrees by 3.5%. This shows that the sample is scientifically qualified personnel to answer the questions of the study.

Table 2 shows that 77% of the research study is from the accounting specialization where the remaining percentage is distributed on Banking and Finance Sciences and Business Administration, but the other specialization have 3% which indicates that their specializations have a strong relationship with the study subject in addition to their experience in reviewing the accounts which qualify them to answer the research questions and enhancing its findings.

Table 3 also shows that 81% of the study sample who increase their experience of 5 years and 19% of respondents who have less experience than 5 years, and this shows that the majority have sufficient experience in auditing that will enable them to answer The study questions.

Table 4: Cronbach's alpha coefficient for each topic of the research

The Topic	Cronbach's alpha coefficient
Extent of realizing the external auditors of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies	0.762
Extent of realizing the external auditors for counter measures of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies	0.663
Extent of realizing the external auditors of the creative accounting methods and countermeasures to overlook practices in the financial statements issued by Saudi public shareholding companies	0.687
The Total	0.704

Table 5: Normal distribution test using divergence Skewness coefficient

Variable	Skewness statistic	Skewness Std. Error	Divergence coefficient
Extent of realizing the external auditors of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies	-.337-	.258	1.31
Extent of realizing the external auditors for counter measures of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies	- 0.483	0.258	1.87
Extent of realizing the external auditors of the creative accounting methods and countermeasures to overlook practices in the financial statements issued by Saudi public shareholding companies	- 0.454	0.258	1.76

The Research Reliability

Chronbach's Alpha is used for confirming the degree of reliability scale instrument the (questionnaire). In order to verify the homogeneity or internal reliability of the scale instrument and to ensure reliability, Cronbach's alpha coefficient has been calculated for each topic of the research where its results indicated that the questionnaire is reliable and practicable for application as the value of the reliability coefficient is (0.704), which exceed the acceptable percentage (0.60) as shown in Table 4 Cronbach's alpha coefficient for each topic of the research.

Third, the distribution of natural test data for the study The verification of the normal distribution of the collected data to the variables the study degree through the use of test (Skewness), which is expressed by a factor of torsion is calculated by dividing the value of statistical (Skewness statistic) on the standard error of the value (Skewness Std. Error), If the resulting value is between (2, -2), the variable follows a normal distribution, and results of the analysis indicated that the data that has been collected for all variables follow a normal distribution because the divergence coefficient values have occurred between 2 and - 2 as shown in Table 5.

Hypothesis Testing.

The First Hypothesis: It states that the external auditors do not realize nor understand the methods of practicing the creative accounting in the financial statements issued by Saudi public shareholding companies. This hypothesis

is based on the test questions (1 to 34) of the questionnaire as Table 6 shows results of the statistical analysis of the questions related to this hypothesis

Testing of the First Hypothesis:

Table 6 shows that answers respondents results on paragraphs 1 to 34 and on the measurement of the extent to know and understand the auditors to practice creative accounting in terms of my income and financial position were all larger than the default SMA (3) The biggest mean paragraph No. 30 not to disclose the change of intangible assets extinguish the way a mean (4.29) and standard deviation (0.861), followed by paragraph No. 21 included No. receivables of subsidiaries or associates with a mean (4.23) and standard deviation (0.742) and the lowest mean was on the answers paragraph No. 3 holding facilities in terms of sales compared to the usual conditions of sale arithmetic mean (3.87) and standard deviation (1.032) and in general the results of the data analysis related to this hypothesis has shown that the external auditors in Saudi Arabia are aware of and understand the practice of creative accounting in the financial statements issued by Saudi corporations methods, reaching the arithmetic mean of the questions combined (4.07) support a high degree, the standard deviation of the questions (0.9820), and this shows the harmony clear and low divergence between individual respondents questions-resolution, and in order to verification of the statistical significance of the results above as the first hypothesis was tested using the T-test, and Table 7 shows the results of the first hypothesis T-test. T-.test results in Table 7 shows that there are not any statistical significant differences at significance level ($\alpha \leq 0.05$)

Table 6: Results of answers regarding the extent of understanding for the external auditors of accounts to practice methods of creative accounting in the financial statements issued by Saudi public shareholding companies

Serial Numbers	Paragraph	The Mean	The Standard Deviation
1	Registering the Inventory delivered to the customer Fiduciary in sales.	4.15	.947
2	Postponing proved bills purchases goods at the end of the financial period to the beginning of the next period to lift the value of the current assets and the impact on liquidity.	4.10	1.012
3	Holding facilities in terms of sales compared to the usual conditions of sale	3.87	1.032
4	Ease repayment terms and discount sales near the end of the financial period.	4.20	.986
5	Non-disclosure of the change extinguishes intangible assets method.	3.92	1.091
6	Reduce maintenance equipment and machinery costs, compared with previous years' expenses.	4.18	.856
7	Manipulation of the steering expenses limitations and prove expenses or resource capital expense without complying with the conditions of capitalization	4.17	.967
8	Change the ways of depreciation of fixed assets without disclosure and its impact on current income for the year of change.	4.14	.990
9	The operating profit included gains of unusual items.	4.07	.900
10	Adoption of the exchange rates of incorrect translation of foreign currencies	4.03	1.115
11	Not to be excluded on the impact of activities in the income statement.	3.97	1.039
12	Prepare bills of sale fake near the end of the financial period.	4.10	.977
13	The integration of the parent company's share of the profits of its subsidiaries or associates without disclosure.	4.08	.967
14	Postpone prove expenses related to the current period to the next accounting period.	4.03	.982
15	Customs revenues and provable before achieved.	4.05	.888
16	Not to show the restricted cash related to a long-term purposes within the long-term investments	4.00	1.100
17	Non-disclosure of the restrictions that limit the freedom to use part of the money for a period of less than a year.	3.94	1.165
18	Reduction of doubtful debt ratio in order to manipulate the item debtors to improve liquidity ratios.	4.01	.994
19	Not to include part of the outstanding long-term loans under current liabilities items aimed at improving liquidity ratios in the facility	4.13	1.021
20	Manipulation of short-term investments is classified as long-term, especially in the case of falling market prices.	4.18	.909
21	Include receivables number of subsidiaries or associates	4.23	.742
22	Manipulation of market prices when the cost base application or net realizable value after inventory assessment of the disclosure by the statement of financial position.	4.02	.952
23	Non-disclosure of the goods in obsolete inventory statements goods when inventory.	4.17	.930
24	Not excluding mutual operations between the parent company and subsidiaries in the preparation of the consolidated financial statements.	3.99	1.017
25	Change in the accounting method used for long-term investments	4.13	.974
26	Not to show the Company's share of losses related or affiliated companies.	4.09	.996
27	In evaluation of intangible assets such as brand integration when evaluating projects.	4.17	.905
28	Non-disclosure of assets pledged to secure long-term of the loan bonds.	4.03	1.039
29	Manipulation of market prices used in the evaluation of the portfolio	4.07	1.032
30	Non-disclosure of the change extinguishes intangible assets method.	4.29	.861
31	Manipulation in foreign currency exchange rates when translating monetary items denominated in foreign currencies.	4.01	.970
32	Access to long-term loans near the end of the financial period in order to repay short-term loan to improve liquidity ratios at the facility.	4.00	1.210
33	Extinguish the bonds callable prior to maturity and the addition of the gains to net profit from operational activity rather than included in the extraordinary items.	4.10	.850
34	Treatment of dividends pertaining to previous years added to profit this year, rather than processed in retained earnings.	3.95	.975
	Paragraphs (1-34) combined hypothesis related to the first	4.07	0.9820

Table 7: T-test of the First Hypothesis Test Results

Variable	Computed T-test	Scheduled T-Test	Statistical Significance	Degrees of Freedom	Result of the Hypothesis Testing
Extent of realizing the external auditors of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies	208.004	1.98	.000	87	HO Refusal

Table 8: Extent of realizing the external auditors for counter measures of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies

Serial Numbers	Paragraph	The Mean	The Standard Deviation
35	Verification of sales invoices especially near the end of the year, especially executed transactions with related parties such as companies affiliated company.	4.18	.870
36	Check the terms of sale and credit and debit and comparing the conditions established in the company.	4.07	1.009
37	Check the shipping of goods and documents compliance with the payment of the price of the goods received from agents documents.	3.53	1.333
38	Verification of how to prove the goods sent to agents if they are registered in sales.	4.21	.837
39	Verification of proof of all bills purchases of merchandise according to the dates of occurrence.	4.08	1.037
40	Check the value of goods last term and the reasons for changing the way inventory to assess if and to make sure of that disclosure.	3.36	1.487
41	Verification of expenses or resource whether capitalized without qualifies for capitalization.	4.08	.930
42	Check the value of fixed assets depreciation expense compared with the expense of previous years.	3.42	1.254
43	Verification of maintenance expenses compared with the maintenance expenses in previous years.	4.06	.969
44	Recalculation of the parent company's share of the profits and verification of disclosure as a separate item.	3.86	.912
45	Confirm exchange translation of monetary items owned by the company in foreign currency rates.	4.22	.915
46	Verification of the disclosure of unusual and exceptional items in separate items after income from operational activity.	3.26	1.595
47	Verification of disclosure restrictions that limit the freedom to use the facility for a fraction of the cash available for less than the fiscal year.	3.99	1.011
48	Verification of cash and non-restrictive exclusion is available for immediate use in the operating cycle and disclosed in a long-term investment.	3.92	1,177
49	Verification of the current values that assess the short-term investments.	3.79	1,080
50	Verification of the foundations of classification investments and long-term in line with local and international accounting standards.	4.14	.809
51	Verification of the exclusion of receivables of the subsidiaries and disclosed in a separate item.	3.10	1.884
52	Review receivables and verification of the debt and stagnant faltering and convenient dedicated doubtful debt to total receivables.	4.20	.887
53	Verify the existence of goods last term and their own identity and suitability to make sure they are free of the goods or obsolete stagnant and not inflate the stock value of more than realizable value.	3.05	1,765
54	Verification of the subsequent events of the financial statements and the auditor's report before the provision for doubtful debts when collecting large sums of money from debtors and modify.	4.01	1.115
55	Verification of the current values used in the inventory evaluation.	4.09	1.019
56	Make sure to show the cumulative effect of change in accounting policy and its impact on the financial statements and the company's profitability.	3.46	1.605
57	Re-calculation and verification of the parent company's share of gains or subsidiaries and disclosed the company's losses in a separate section.	4.18	.922
58	Validate the exchange rates used in the translation of monetary items denominated in foreign currencies.	3.31	1.729
59	Verification of contracts relating to fixed assets to make sure the mortgaged asset size or restricted to ensure long-term loans.	4.11	.993

Table 8 Cont'd

60	Verification of the premiums payable from the inclusion of long-term loans in the short-term impact on the liquidity commitments.	3.93	1,118
61	Check processing errors relating to income from previous years in retained earnings.	4.18	.870
62	Check whether the change was the method used in calculating the premium amortization of intangible assets and disclose the impact of the change impact.	3.55	1.689
63	Verify the non-operating profit included gains resulting from exceptional or unusual items without disclosing the nature of those items.	4.03	.933
	Paragraphs (35-63) combined related to the second hypothesis	3.84	1.16

Table 9 : Second Hypothesis T-test results

Variable	Computed T-test	Scheduled Test	T-	Statistical Significance	Degrees Freedom	of	Result of the Hypothesis Testing
Extent of realizing the external auditors for counter measures of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies	171.813	1.98		.000	87		HO Refusal

as the value of the calculated T- test (208.004) which is higher than the value of (1.98), and the statistical significance of her (0.000). Since the decision rule refers to the acceptance of the hypothesis, if the computed value is less than T-test value is rejected null the hypothesis if the value is greater than the value of T- test t-test is rejected null hypothesis and accept the alternative hypothesis meaning that external auditors are aware of and understanding the methods of practice of the creative accounting in the financial statements issued by Saudi public shareholding companies.

The Second Hypothesis: Extent of realizing the external auditors for counter measures of the creative accounting methods and countermeasures in the financial statements issued by Saudi public shareholding companies. This hypothesis is based on the test questions (from 35 to 63) of the questionnaire as Table 8 shows the results of the statistical analysis of the Questionnaire related to this hypothesis.

Test of the Second Hypothesis

Table 8 shows the answers of the Questionnaire respondents results on paragraphs 35 to 63 and on the measurement of the extent of awareness and understanding of the auditors in the Kingdom of Saudi Arabia to the procedures anti methods creative accounting in terms of my income and financial position were all larger than the default SMA (3) was the largest mean of paragraph No. 40 (confirm exchange translation of monetary items owned by the company in foreign currencies), with a mean price (4.22) and standard deviation (0.915), followed by paragraph 52 (a review of accounts receivable and check stagnant debt and faltering and convenient dedicated doubtful debts to total receivables), with a mean (4.20) and standard deviation (0.887) and the lowest mean was on the answers

paragraph No. 53 (verify the existence of goods last term and their own identity and suitability to make sure they are free from the goods obsolete or stagnant and not inflate the stock value of more than realizable value), with a mean (3.05) and standard deviation (1.765), and this shows that the auditors rely on the statements of the inventory offered by the administration and did not attend the actual inventory of the goods. In general, data came relating to this hypothesis, which was measured by the second section of the questions questionnaire to show that the external auditors in Saudi Arabia analysis results are aware of and understand the counter-measures to methods of creative accounting in the financial statements issued by Saudi companies public shareholding, with an arithmetic mean of the questions combined (3.84) support a high degree, as the standard deviation of the questions was (1.16), and this shows the harmony clear and low divergence between individual respondents questions questionnaire, in order to verify the significance of statistical results above and to test the second hypothesis test was used T-test, and Table 9 The second hypothesis test results:

Table 9 shows T-test results has statistical significant differences at a significance level ($\alpha \leq 0.05$), reaching values calculated T (171.813) which is higher than the value of T Indexed (1.98), and the statistical significance of her (0.000). Since the decision rule refers to the acceptance of the hypothesis null if the value of T calculated less than the value of T t-test and rejected the hypothesis null if the value of T calculated is greater than the value of T t-test , it is rejected hypothesis null and accept the alternative hypothesis that is to say the external auditors are aware of and understand the counter-measures methods to practice creative accounting in the financial statements issued by Saudi public shareholding companies.

Table 10: Answers Results about the extent to which external auditors to pressure from the departments of the Saudi public companies to overlook the creative accounting practices in the financial statements issued by their companies

Serial Numbers	Paragraph	The Mean	The Standard Deviation
64	It is required from the companies to contribute to the departments of Auditors regardless of creative accounting procedures in the financial statements under pressure rotated in the next fiscal periods.	4.08	.918
65	The departments of public shareholding companies required from the auditors to provide creative accounting services as one of the professional services provided by the audit profession to clients is growing.	4.21	.865
66	Accounts under pressure from the departments of public shareholding companies to get a clean report in spite of the existence of material misstatement in the financial statements of Auditors.	4.13	0.939
67	Auditors do not recognize a lot of creative accounting in the financial procedures menus though presenting a diaper on their interests.	4.08	.955
68	Overlook external auditors for creative accounting in the financial statements procedures under competitive pressure for fear of losing the client.	4.23	.845
69	Failure to meet the external auditors to the demands of the executive management in the public shareholding companies miss out a lot of the gains they earn from the other services they provide for joint stock companies.	4.06	.932
70	The audit profession lacks a strong stand-alone device to monitor accounting offices that deal with the public shareholding companies.	4.09	1.117
	Paragraphs (65-70) are related to the third hypothesis	4.13	0.9386

Table 11: The Third hypothesis Test results in accordance with T-test

Variable	Computed T-test	Scheduled T-Test	Statistical Significance	Degrees of Freedom	Result of the Hypothesis Testing
The extent to which the external auditors are exposed to pressure from Saudi Arabia departments public shareholding companies to overlook the creative accounting practices in the financial statements issued by their companies	103.419	1.98	.000	87	HO Refusal

The Third Hypothesis: The external auditors are not exposed pressures on them by departments of public companies to overlook the creative accounting in the financial statements issued by their company's practices. This hypothesis is based on the test questions (64 to 70) of the questionnaire. Table 10 shows the results of the statistical analysis of the questions related to this hypothesis.

The Third hypothesis Test

Table 10 shows answers that respondents on the results of paragraphs 64 to 70 and on the measurement of the extent to which the auditors and external pressure from the departments of the Saudi public companies to overlook the creative accounting practices in the financial statements issued by their companies

These answers are bigger than the mean of paragraph No. 68 (overlook the external creative accounting in the financial statements procedures accounts under competitive pressure for fear of the client

lost), with a mean (4.23) and standard deviation (0.865), followed by Paragraph 65 (increasing demand departments public shareholding companies reviewers to provide creative accounting services as one of the professional services provided by the audit profession to clients) with a mean (4.21) and standard deviation (0.865) and the lowest mean was on the answers to paragraphs 64 (ask departments public shareholding of Auditors companies regardless of creative accounting in the financial statements procedures rotated under pressure in the coming financial periods), with a mean (4.08) and standard deviation (0.918) and paragraph 67 (does not recognize Auditors a lot of creative accounting procedures Financial lists despite its presence diaper on their interests), the same arithmetic mean (4.08) and standard deviation (0.955) and with it the lowest mean s, the answers to the paragraphs that measure the third hypothesis, but we find it higher than the default medium much. In general, data came relating to this hypothesis analysis results show that the external auditors in Saudi Arabia are under huge pressure from the departments of

the Saudi public companies to overlook the creative accounting practices in the financial statements issued by their company, where he reached the arithmetic mean of the questions combined 4.13 (support highly), as the standard deviation of the questions was (0.9386), and this shows the harmony clear and low divergence between individual respondents questions questionnaire, in order to verify the significance of statistical results above and to test the third hypothesis test was used T-test. Table 11 shows the third hypothesis test results.

T-test results Table 11 that there are statistical significant differences at a confidence level ($\alpha \leq 0.05$) as the value of the calculated T-test (103.419) which is higher than the value of T Indexed (1.98), and the statistical significance of her (0.000). Since the decision rule refers to the acceptance of the hypothesis nihilism if the value of T calculated less than the value of T t-test and rejected the hypothesis nihilism if the value of T calculated is greater than the value of T t-test, it is rejected hypothesis nihilism and accept the alternative hypothesis that is to say the external auditors in Saudi Arabia subjected to great pressure from the departments of the Saudi public shareholding companies to overlook the creative accounting practices in the financial statements issued by their companies.

RESULTS OF THE STUDY

Through field study data analysis and testing of hypotheses can be summarized results that have been reached as follows:

1. The results showed that the external auditors in Saudi Arabia are aware of and understand the practice of creative accounting in the financial statements issued by Saudi corporations' methods; with an arithmetic mean of the questions combined (4.07) support a high degree, and the standard deviation (0.9820)
2. The results showed that the auditors are aware of and understand the counter-measures to methods of creative accounting in the financial statements issued by the Saudi public joint stock companies, with an arithmetic mean of the questions combined (3.84) support a high degree, and the standard deviation of the questions (1.16), and this shows the harmony clear and low divergence among respondents questions from the questionnaire
3. The results of the study presented Auditors in Saudi Arabia under great pressure from the departments of corporations to overlook the creative accounting practices under pressure rotated in the coming fiscal periods, and that many of the auditors are forced to overlook the creative accounting procedures under the pressure of competition and the fear of losing the client as The results showed that a large proportion of the auditors do not approve of accepting creative accounting practices despite the presence diaper on the interests and

reputation of the profession. This shows that the auditor is under several conflicting motives of the departments of client companies, and loyalty stretched entrusted to them to the shareholders, and the pressures of competition in the market and nappy on their interests, and legal responsibilities of possible exposure.

Recommendations

In view of the previous results, the researcher recommends necessity of establishing a strong separate organization to control the legal accounting which deal with Public shareholding companies working to find solutions to the competitive pressure faced by the auditing firms to enhance the independence of solutions besides conducting further studies to look at finding methods to regulate the neutral points of appointment of the auditor.

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