

The Role of the Internal Audit Function in Reducing the Practices of Creative Accounting: Case Study in some Companies in the Provinces of Ain Defla and Chlef

دور وظيفة التدقيق الداخلي في الحد من ممارسات المحاسبة الإبداعية: دراسة حالة في بعض المؤسسات في ولايتي عين الدفلى والشلف

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Abstract

This study aims to clarify the role of the internal audit function in reducing the practices of creative accounting through the case study of some companies in Ain Defla and Chlef provinces. We used the deductive approach in the theoretical aspect and the inductive approach in the practical aspect. This study concluded that there are not correlation between internal audit and the practices of creative accounting, and There is no impact of internal auditing on creative accounting practices.

Keywords : *Internal audit, Creative accounting, The International Standards of Internal audit, Code of Professional Behaviour.*

المخلص

تهدف هذه الدراسة إلى توضيح دور وظيفة التدقيق الداخلي في الحد من ممارسات المحاسبة الإبداعية من خلال دراستنا حالة بعض المؤسسات في ولايتي عين الدفلى والشلف، بحيث استخدمنا المنهج الاستنباطي في الجانب النظري والمنهج الإستقرائي في الجانب التطبيقي، وخلصت هذه الدراسة إلى عدم وجود إرتباط بين التدقيق الداخلي وممارسات المحاسبة الإبداعية، وليس هناك تأثير للتدقيق الداخلي على ممارسات المحاسبة الإبداعية.

الكلمات المفتاحية: التدقيق الداخلي، المحاسبة الإبداعية، المعايير الدولية للتدقيق الداخلي، قواعد السلوك المهني.

Introduction

In recent years, the world has witnessed many economic scandals, most notably the **Enron Energy** scandal, due to collusion between accountants and the Audit Office (**Arthur Andersen**), in order to improve its image and attract investors to it.

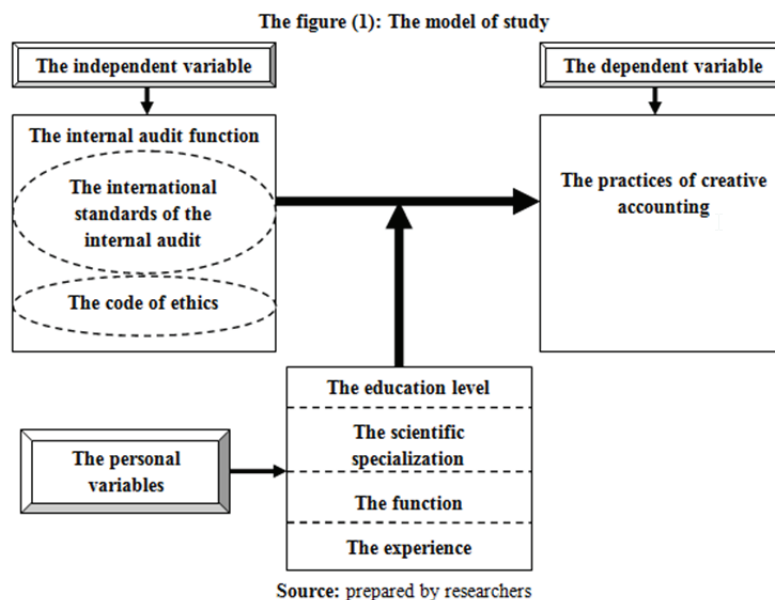
The creative accounting is considered as the main tool which contributed in the global scandals, because it can change the real situation of the company, by means of exploiting the loopholes in the local laws of accounting and the international standards of accounting by the accountants.

For reducing the practices of creative accounting,, the internal audit function plays a significant role, through providing the tips and directives to all parties in the company according to the international standards of the internal audit and the code of ethics of the internal audit profession.

1- The study problematic: To expand in the aspects of this study, we formulate the study problematic as follows:

What is the role of the internal audit function in reducing the practices of creative accounting?

2- The model of study: We have the figure (1), which explains the model of study as follows:



3- The hypotheses of study: According to the model of study (**figure 1**), we can derive the main hypotheses and sub-hypotheses as follows:

3-1-The first main hypothesis: There is a correlation statistically significant at a significant level

($\alpha \leq 0,05$), between the internal audit function and the practices of creative accounting.

According to the first main hypothesis, we can divide it to two sub-hypotheses as follows:

- The first sub-hypothesis: There is a correlation statistically significant at a significant level ($\alpha \leq 0,05$), between the international standards of the internal audit and the practices of creative accounting;

- The second sub-hypothesis: There is a correlation statistically significant at a significant level ($\alpha \leq 0,05$), between the code of ethics and the practices of creative accounting.

3-2- The second main hypothesis: There are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the personal variables (**the education level, the scientific specialization, the function and the experience**).

According to the second main hypothesis, we can divide it to four sub-hypotheses as follows:

- **The first sub-hypothesis:** There are statistically significant differences at a significant level ($\alpha \leq 0,05$),

in the impact of the internal audit function on the practices of creative accounting attributed to the variable of education level;

- **The second sub-hypothesis:** There are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of scientific specialization;

- **The third sub-hypothesis :** There are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of function;

- **The fourth sub-hypothesis:** There are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of experience.

4- The study importance : This study takes its importance in the following points:

- The essential role of the internal audit function in the companies;
- The negative role of creative accounting, which caused the collapse of many companies in the world.

5- The study purpose: This study seeks to achieve the following purposes:

- Explaining the conceptual framework concerning the internal audit function and the practices of creative accounting;
- Finding the extent of correlation between internal audit function and the practices of creative accounting;
- Finding the extent of impact of the internal audit function on the practices of creative accounting;
- Providing recommendations.

6- The study methodology: We used the deductive approach in the theoretical aspect of this study, for explaining the concepts regarding the internal audit function and the practices of creative accounting, as

for the practical aspect of study, we used the analytical approach for analyzing the results of questionnaires.

7- The previous studies: We provide the most important previous studies ,which dealt some parts of our study as follows:

- The study of (**Shah Saud, 2015: The Role of Internal Audit in Organization Goals Achievements: A Security of Exchange Commission of Pakistan (SECP) Perspective**), this study aimed to exam the relation between internal audit and company goals, the most important result in this study refers that internal audit is not only vital in the efficient risk management, internal control and corporate governance, but also plays a crucial role in the business survival and success;

- The study of (**Prerna Jain & Anurodh Godha, 2015: ROLE OF CREATIVE ACCOUNTING IN FINANCIAL SCANDALS: AN EXPLORATORY STUDY OF SOME HIGH PROFILE COMPANIES**), this study aimed to make creative accounting as clear as possible with the help of review of studies conducted, to highlight the reasons for using creative accounting practices, to study major scandals for “tactics to follow” and “lessons learned” and to provide suggestions, the most important result in this study refers that it is not possible to stop the use of creative accounting practice completely because of involvement of managers, auditors and due to loopholes in regulatory framework but misuse of creative accounting can be reduced by using corporate governance practices;

- The study of (**OYADONGHAN KEREOTU JAMES & EMMANUEL AMAPS LOVEDAY IBANICHUKA, 2014: Audit Rotation; Creative Accounting, Audit Independence And Objectivity**), this study aimed to evaluate the effect of audit rotation on creative accounting, the researchers used the SPSS program for finding the effect of audit rotation on creative accounting, audit objectivity independence and financial discipline, the most important result in this study refers that audit rotation has a positive effect on creative accounting audit objectivity, independence and financial discipline;

Through the above, our study distinguishes from previous studies in many points as follows:

- The difference of environment of study, the environment of our study was in Algeria, exactly in the provinces of Ain Defla and Chlef, but the environment of previous studies were in (Pakistan, India and Nigeria);
- Nearly all previous studies dealt with the role of audit in general how to detect and reduce the practices of creative accounting, but our study dealt with the role of the internal audit function only how to detect and reduce the practices of creative accounting.

8- Parts of study: We divided this study into two parts as follows

- Part one: The theoretical aspect of study;
- Part two: The practical aspect of study.

Part one: The theoretical aspect of study

1- The internal audit

1-1- The definition of internal audit: There are many definitions of internal audit. We exhibit some important definitions

The Committee of Sponsoring Organizations of the Treadway Commission (**COSO**) defined internal audit “as a procedure which offers fundamental security to the business concerning the credibility of financial affairs. The report defines internal control and describes a framework for internal control. However, the crucial difference of this report is that it also provides criteria for the management to use so as to evaluate controls”⁽¹⁾.

According to the standard (**ISA610**) published by the International Federation of Accountants (**IFAC**), the definition of internal audit is “an appraisal activity established within an entity as a service to the entity. Its functions include, among other things examining, evaluating and monitoring the adequacy and effectiveness of the accounting and internal control systems”⁽²⁾.

According to the Institute of Internal Auditors (**IIA**), the definition of internal audit as “an independent,

objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”⁽³⁾.

Through the previous definitions, we define the internal audit as **"a mechanism in the company which permits to enhance the efficiency and effectiveness of operations, and contributes to create the add value in the company"**.

1-2- The standards of the internal audit: There are two types of standards:

1-2-1- Internal Audit Attribute Standards: Attribute Standards address the characteristics of organizations and individuals performing internal audit activities⁽⁴⁾.

1-2-2-Internal Audit Performance Standards: Performance standards describe the nature of internal audit activities and provide quality criteria against which these services can be measured⁽⁵⁾.

1-3- The code of ethics: the IIA’s Code of Ethics promotes an ethical culture in the profession of internal auditing⁽⁶⁾, it consists in principles and rules of conduct:

1-3-1- The principles: there are four principles⁽⁷⁾

1-3-1-1- Integrity: the integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

1-3-1-2- Objectivity: internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

1-3-1-3- Confidentiality: Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

1-3-1-4- Competency: Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services.

1-3-2- The rules of conduct: There are four rules of conduct⁽⁸⁾:

1-3-2-1- Integrity: internal auditors

- Shall perform their work with honesty, diligence, and responsibility;
- Shall observe the law and make disclosures expected by the law and the profession;
- Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization;
- Shall respect and contribute to the legitimate and ethical objectives of the organization.

1-3-2-2- Objectivity: internal auditors

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization;
- Shall not accept anything that may impair or be presumed to impair their professional judgement;
- Shall disclose all material facts known to them that if not disclosed, may distort the reporting of activities under review.

1-3-2-3- Confidentiality: internal auditors

- Shall be prudent in the use and protection of information acquired in the course of their duties;
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

1-3-2-4- Competency: internal auditors

- Shall engage only in those services for which they have the necessary knowledge, skills and experience;
- Shall perform internal auditing services in accordance

with the Standards for the Professional Practice of Internal Auditing;

- Shall continually improve their proficiency and the effectiveness and quality of their services.

2- The creative accounting

2-1- The definition of creative accounting

“**Beidleman**” defined creative accounting as “a process where accountants use their knowledge of accounting rules to manipulate the figures reported in the accounts of a business”⁽⁹⁾.

“**Naser**” defined creative accounting as “a process in which accounting figures are manipulated by the accounting professionals from their real state to the faked state with the help of the loopholes in the accounting regulations”⁽¹⁰⁾.

“**Pitman**” defined creative accounting as “the use of judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company, or to influence contractual outcomes that depend on reported accounting judgment”⁽¹¹⁾.

According to the previous definitions, we can define the creative accounting as “**the exploitation of the loopholes in the local laws of accounting, or the loopholes in the international standards of accounting IAS/IFRS by the accountants, for improving the image of company to investors, or for mitigating the amount of taxes impose on the company**”.

2-2- Reasons of creative accounting: There are many reasons of creative accounting, we explain the important reasons as follows:

- Creative accounting may help maintain or boost the share price both by reducing the apparent levels of borrowing, so making the company appear subject to less risk by creating the appearance of a good profit trend. This helps the company to raise capital from new share issues, offer their own shares in takeover bids, and resist takeover by other company⁽¹²⁾ ;
- If the directors of a company engage in ‘insider

dealing' in their company's shares they can use creative accounting to delay the release of information for the market, thereby enhancing their opportunity to benefit from inside knowledge⁽¹³⁾;

- Avoid Government Regulations, by choosing accounting methods that tend to reduce their reported profits⁽¹⁴⁾;
- The desire to avoid paying tax as creative accounting can enlarge the expense and reduce the amount of taxes that the company has to pay to the government⁽¹⁵⁾.

2-3- Techniques of Creative Accounting: There are many techniques of creative accounting, we explain the important techniques as follows:

- The current profits can be overstated by ignoring the provisions for bad debt and legal obligations⁽¹⁶⁾;
- The existence of estimation, judgment, and prediction

in the financial statements⁽¹⁷⁾;

- Use of artificial transactions like sale of an asset at current price to show profits and buying it back at current cost can be entered to manipulate balance sheet and profit figures⁽¹⁸⁾;
- Genuine transactions can also be timed so as to give the desired impression in the accounts⁽¹⁹⁾;
- Using some input in the accounts that are related to the assessment or prediction⁽²⁰⁾.

Part two: The practical aspect of study

1- The sampling

The community of this study includes all the companies located in the provinces of Ain Defla and Chlef, as for the sample of this study we selected 15 companies, the table (1) exhibits these companies as follows:

The table (1): The sample of study

Number	The name of company	The location of company
1	Trans Canal Centre	Chlef
2	4A Santé Industrie	Chlef
3	The branch of ' NAFTAL '	Chlef
4	The branch of ' MOBILIS '	Chlef
5	Soprec Placo	Chlef
6	La TELLOISE	Chlef
7	NOVER	Chlef
8	Ceram Divindus	Chlef
9	S.P.A Maghreb Tubes	Ain Defla
10	E.D.I.M.C.O Distribution	Chlef
11	G.M.I Algérie	Chlef
12	AL.RE.C.C /ENIR	Chlef
13	Entreprise Portuaire de TENES	Chlef
14	Elsewedy Cables Algeria	Ain Defla
15	BATIMETAL Charpente Ouest	Ain Defla

Source: Prepared by researchers

As for the questionnaires of this study, the table (2) explains all details as follows:

The table (2): The number of questionnaires (Distributed, Retrieved, Not valid for analysis and valid for analysis)

The number of questionnaires	Distributed	Retrieved	Not valid for analysis	Valid for analysis
The total	62	58	14	44
The percentage %	100 %	93.548%	24.137%	75.862%

Source: Prepared by researchers

2- The characteristics of sample

In order to explain the characteristics of sample, the table (3) explains them as follows:

The table (3): The characteristics of sample

The characteristics of sample		The frequencies	The percentage %
The education level	Secondary level	0	0%
	Professional certificate (The institutes of professional formation)	3	6.8%
	University level	41	93.2%
The scientific specialization	Accounting	20	45.5%
	Accounting and Auditing	2	4.5%
	Accounting and Taxation	4	9.1%
	Finance and Banking	14	31.8%
	Business management	4	9.1%
The function	Internal auditor	11	25%
	Accountant	33	75%
The experience	Less 5 years	14	31.8%
	Between 5 and 10 years	21	47.7%
	Between 11 and 15 years	3	6.8%
	Over 15 years	6	13.6%

Source: Prepared by researchers depending the outputs of SPSS 24 version.

Through the table (3), we conclude the following:

- **The education level:** We observe the majority of individuals this sample have the university level (93.2%), this percentage is positive indicator showing that individuals of this sample have high level of education;
- **The scientific specialization:** We observe that the accounting specialization ranked first (45.5%), followed by the Finance and Accounting specialization in the second rank (31.8%), then the specializations of Business management and Accounting and Taxation in the third rank (9.1), then the Accounting and Auditing specialization in the fourth rank (4.5%);

- **The function:** We observe that the majority of individuals of this sample work in the department of accounting (75%);

- **The experience:** We observe that the experience between 5 and 10 years ranked first (47.7%), followed by the experience less 5 years in the second rank (31.8%), then the experience between 11 and 15 years in the third rank (6.8%), then the experience over 15 years in the fourth rank (13.6%). Accordingly, we observe that half of the individuals of this sample have short experience (Between 5 and 10 years).

3- The internal consistency: We use the Cronbach's coefficient for confirming the internal consistency, the table (4) exhibits the results as follows:

The variables		The dimensions	The number of paragraphs	Cronbach's coefficient
The independent variable	The internal audit function	The international standards of the internal audit	8	0.81
		The code of ethics	8	0.561
The dependent variable	The practices of creative accounting		8	0.807
The total			24	0.776

Source: Prepared by researchers depending the outputs of SPSS 24 version.

According to the table (4), the degree of internal consistency is (77.6%), this percentage is good for achieving the objectives of study.

4- The calculation of the mean and the standard deviation of the variables of study:

4-1- The independent variable: The table (5) exhibits the results as follows:

The table (5): The mean and the standard deviation of the independent variable

The paragraphs of first dimension (The international standards of the internal audit)		The mean	The standard deviation	The degree of approval	The rank
1	The international standards of internal audit consider as a guideline tool using by the internal auditor for achieving the objectives of his / her mission	4.0682	0.62497	High	2
2	The internal auditor has the enough information about the international standards of internal audit (the performance standards series 1000) and (the attribute standards series 2000)	3.3636	0.96668	Medium	5
3	The internal auditor practices his/ her missions according to the international standards of internal audit	3.6818	0.85651	High	3
4	The application of international standards of internal audit by internal auditor contributes in creating the add value for the company	4.0909	0.93556	High	1
5	The internal auditor follows the website of the institute of internal auditors (IIA), for knowing any new evolutions about the international standards of internal audit	3.0455	0.96339	Medium	7
6	There is a committee or department which follows the extent of application of the international standards of internal audit by the internal auditor	3.2500	1.01443	Medium	6
7	The company contracts with local and international organisms in the area of internal audit, for improving the skills of its internal auditors, about how to apply the international standards of internal audit	2.9773	1.04522	Medium	8
8	The internal auditor participates in the local and international seminars about the internal audit, for improving his/her skills about how to apply the international standards of internal audit	3.6136	0.92046	High	4
The total (The first dimension)		3.5114	0.60510	High	2

The paragraphs of second dimension (The code of ethics)		The mean	The standard deviation	The degree of approval	The rank
1	The code of ethics consists (Integrity, Objectivity, Competency and Confidentiality)	4.4545	0.50369	Very high	1
2	The code of ethics contributes in enhancing the skills of internal auditor	4.3409	0.60782	Very high	2
3	The code of ethics contributes in enhancing the integrity and objectivity of internal auditor in his/her mission	4.1364	0.66790	High	4
4	The code of ethics contributes in enhancing the confidentiality of the internal auditor's work	4.2727	0.69428	Very high	3
5	The internal auditor follows the website of the institute of internal auditors (IIA), for knowing any new evolutions about the code of ethics	3.2727	0.92419	Medium	6
6	There is a committee or department which follows the extent of application of the code of ethics by the internal auditor	3.25	0.89248	Medium	7
7	The company contracts with local and international organisms in the area of internal audit, for improving the skills of its internal auditors, about how to apply the code of ethics	3.0909	0.96009	Medium	8
8	The internal auditor participates in the local and international seminars about the internal audit, for improving his skills about how to apply the code of ethics	3.6364	1.01365	High	5
The total (The second dimension)		3.8068	0.39753	High	1
The total (The independent variable)		3.65	0.495	High	

Source: Prepared by researchers depending the outputs of SPSS 24 version.

Through the table (5), the mean of the independent variable is estimated (3.65) with the degree of approval (High), this result refers that the internal auditors have

the enough knowlegement about the international standards of internal audit and the code of ethics.

4-2- The dependent variable: The table (6) exhibits the results as follows:

The table (6): The mean and the standard deviation of the dependent variable

The paragraphs of the dependent variable		The mean	The standard deviation	The degree of approval	The rank
1	The accountant prepares the financial statements according to the international standards of accounting (IAS/IFRS) and the financial accounting system	4.6136	0.49254	Very high	1
2	The accountant exploits the loopholes in the international standards of accounting (IAS/IFRS) and the financial accounting system, when he prepares the financial statements	3.0909	0.98402	Medium	5
3	The accountant applies the creative accounting for decreasing the amount of taxation	3.1591	1.11945	Medium	2
4	The accountant applies the creative accounting for bringing the new shareholders to the company	3.0455	1.07735	Medium	6
5	The accountant applies the creative accounting for his/ her personal interest	2.2500	1.08102	Low	8
6	The accountant applies the creative accounting in order to improve the image of senior management in front of the shareholders	3.1364	1.09100	Medium	4
7	The accountant applies the creative accounting in order to increase the earnings of the shareholders	3.1364	0.97863	Medium	3
8	There are pressures on the accountant by the senior management or the shareholders for applying the creative accounting in preparing the financial statements	2.8182	1.16684	Medium	7
The total		3.1563	0.66245	Medium	

Source: Prepared by researchers depending the outputs of SPSS 24 version.

Through the table (6), the mean the dependent variable is estimated (3.1563) with the degree of approval (Medium), this result refers that the accountants do some practices of the creative accounting when they prepare the financial statements.

5- The test of the hypotheses of study

5-1- The test of the first main hypothesis

We analyze the regression in order to confirm the validity of the first main hypothesis which states “there is a correlation statistically significant at a significant level ($\alpha \leq 0,05$), between the internal audit function and the practices of creative accounting”, the table (7) clarifies the results of the analysis of regression as follows:

Table (7): The results of the analysis of regression for testing the first main hypothesis

The analysis of regression	Σ The squares	The degrees of freedom	The mean of squares	F	Sig	R	R ²
The regression	0.079	1	0.079	0.175	0.678	0.064	0.004
The residual	18.894	42	0.450				
The total	18.973	43					

Source: Prepared by researchers depending the outputs of SPSS 24 version.

Through the table (7), we observe that a significant level is estimated (0.678), this value is larger than (0.05), as for the values of (R) and (R²) are estimated (0.064) and (0.004) respectively.

Through the above, we refuse the first main hypothesis, because there is no correlation between the internal audit function and the practices of creative accounting.

As regarding the validity of the sub- hypotheses, we analyze the regression as follows:

- **The test of the first sub-hypothesis:** This sub-hypothesis states “there is a correlation statistically significant at a significant level ($\alpha \leq 0,05$), between the international standards of the internal audit and the practices of creative accounting”, the table (8) clarifies the results of the analysis of regression as follows:

Table (8): The results of the analysis of regression for testing the first sub-hypothesis

The analysis of regression	Σ The squares	The degrees of freedom	The mean of squares	F	Sig	R	R ²
The regression	0.184	1	0.184	0.412	0.525	0.099	0.010
The residual	18.788	42	0.447				
The total	18.973	43					

Source: Prepared by researchers on depending the outputs of SPSS 24 version.

Through the table (8), we observe that a significant level is estimated (0.525), this value is larger than (0.05), as for the values of (R) and (R²) are estimated (0.099) and (0.010) respectively.

Through the above, we refuse the first sub-hypothesis, because there is no correlation between the international standards of the internal audit and

the practices of creative accounting.

• **The test of the second sub-hypothesis:** This sub-hypothesis states “there is a correlation statistically significant at a significant level ($\alpha \leq 0,05$), between the code of ethics and the practices of creative accounting”, the table (9) clarifies the results of the analysis of regression as follows:

Table (9): The results of the analysis of regression for testing the second sub-hypothesis

The analysis of regression	Σ The squares	The degrees of freedom	The mean of squares	F	Sig	R	R ²
The regression	1.569	1	1.569	3.787	0.058	0.288	0.083
The residual	18.788	42	0.447				
The total	18.973	43					

Source: Prepared by researchers depending the outputs of SPSS 24 version.

Through the table (9), we observe that a significant level is estimated (0.058), this value is larger than (0.05), as for the values of (R) and (R²) are estimated (0.288) and (0.083) respectively.

Through the above, we refuse the second sub-hypothesis, because there is no correlation between the code of ethics and the practices of creative accounting

5-1- The test of the second main hypothesis

In order to confirm the validity of the second main

hypothesis, we test the sub-hypotheses as follows:

• **The test of the first sub-hypothesis:** In order to confirm the validity of this sub-hypothesis which states “there are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of education level”, we use the One-Way ANOVA, the table (10) clarifies the results of the One-Way ANOVA as follows:

The table (10): The results of the One-Way ANOVA of the first sub-hypothesis

The variables		The dimensions	The source of variance	Σ The squares	The degrees of freedom	The mean of squares	F	Sig
The independent variable	The internal audit function	The international standards of the internal audit	Between the groups	0.296	1	0.296	0.804	0.375
			Within the groups	15.449	42	0.368		
			The total	15.744	43			
		The code of ethics	Between the groups	0.031	1	0.031	0.194	0.662
			Within the groups	6.764	42	0.161		
			The total	6.795	43			
The dependent variable	The practices of creative accounting		Between the groups	0.255	1	0.255	0.571	0.454
			Within the groups	18.718	42	0.466		
			The total	18.973	43			

Source: Prepared by researchers depending the outputs of SPSS 24 version.

According to the results of the table (10), there are no statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of education level, because all the values of statistical significance are larger than (0.05).

Accordingly, we refuse the first sub-hypothesis.

- The test of the second sub-hypothesis: In order to

confirm the validity of this sub-hypothesis which states “there are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of scientific specialization”, we use the One-Way ANOVA, the table (11) clarifies the results of the One-Way ANOVA as follows:

The table (11): The results of the One-Way ANOVA of the second sub-hypothesis

The variables		The dimensions	The source of variance	Σ The squares	The degrees of freedom	The mean of squares	F	Sig
The independent variable	The internal audit function	The international standards of the internal audit	Between the groups	1.820	4	0.455	1.274	0.297
			Within the groups	13.924	39	0.357		
			The total	15.744	43			
		The code of ethics	Between the groups	1.176	4	0.294	2.040	0.108
			Within the groups	5.620	39	0.144		
			The total	6.795	43			
The dependent variable	The practices of creative accounting		Between the groups	0.971	4	0.243	0.526	0.717
			Within the groups	18.002	39	0.462		
			The total	18.973	43			

Source: Prepared by researchers depending the outputs of SPSS 24 version.

According to the results of the table (11), there are no statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of scientific specialization, because all the values of statistical significance are larger than (0.05).

Accordingly, we refuse the second sub-hypothesis.

- The test of the third sub-hypothesis: In order to

confirm the validity of this sub-hypothesis which states “there are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of function”, we use the One-Way ANOVA, the table (12) clarifies the results of the One-Way ANOVA as follows:

The table (12): The results of the One-Way ANOVA of the third sub-hypothesis

The variables		The dimensions	The source of variance	Σ The squares	The degrees of freedom	The mean of squares	F	Sig
The independent variable	The internal audit function	The international standards of the internal audit	Between the groups	0.121	1	0.121	0.326	0.571
			Within the groups	15.623	42	0.372		
			The total	15.744	43			
		The code of ethics	Between the groups	0.002	1	0.002	0.012	0.914
			Within the groups	6.794	42	0.162		
			The total	6.795	43			
The dependent variable	The practices of creative accounting		Between the groups	0.219	1	0.219	0.490	0.488
			Within the groups	18.754	42	0.447		
			The total	18.973	43			

Source: Prepared by researchers depending the outputs of SPSS 24 version.

According to the results of the table (12), there are no statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of function, because all the values of statistical significance are larger than (0.05).

Accordingly, we refuse the third sub-hypothesis.

• The test of the fourth sub-hypothesis: In order to confirm the validity of this sub-hypothesis which states “there are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of experience”, we use the One-Way ANOVA, the table (13) clarifies the results of the One-Way ANOVA as follows:

The table (13): The results of the One-Way ANOVA of the fourth sub-hypothesis

The variables		The dimensions	The source of variance	Σ The squares	The degrees of freedom	The mean of squares	F	Sig
The independent variable	The internal audit function	The international standards of the internal audit	Between the groups	0.918	3	0.306	0.825	0.488
			Within the groups	14.827	40	0.371		
			The total	15.744	43			
		The code of ethics	Between the groups	0.187	3	0.062	0.378	0.770
			Within the groups	6.608	40	0.165		
			The total	6.795	43			
The dependent variable	The practices of creative accounting	Between the groups	0.083	3	0.028	0.058	0.981	
		Within the groups	18.890	40	0.472			
		The total	18.973	43				

Source: Prepared by researchers depending the outputs of SPSS 24 version.

According to the results of the table (13), there are no statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the variable of experience, because all the values of statistical significance are larger than (0.05).

Accordingly, we refuse the fourth sub-hypothesis.

Through the results of the sub-hypotheses, we refuse the second main hypothesis which states “there are statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the personal variables (the education level, the scientific specialization, the function and the experience) ”.

Conclusion Through the above, we provide the important results and recommendations as follows:

-1- The results: We can summarize the results of the theoretical and practical aspect of this study as follows:

- The internal audit is a very important function in the company, because it can create the add value through the reports provided by the internal auditor;
- The international standards of the internal audit consist of two series (The attribute standards series 1000) and (The performance standards series 2000);
- The code of ethics consists of four elements (Integrity, Objectivity, Confidentiality and Competency);
- The creative accounting causes many problems for the companies, because it changes the real image of the company, through exploiting the loopholes in local laws of accounting, or the loopholes in the international standards of accounting IAS/IFRS by the accountants;
- There is no correlation between the internal audit function and the practices of creative accounting;
- There are no statistically significant differences at a significant level ($\alpha \leq 0,05$), in the impact of the internal audit function on the practices of creative accounting attributed to the personal variables (the

education level, the scientific specialization, the function and the experience), because the individuals of this study have medium experience, in addition to the deficiency of training in the area of internal audit, for this reasons, the internal auditors can not reduce the practices of creative accounting.

-2- The recommendations: In order to improve the profession of internal audit in reducing the practices of creative accounting in the Algerian companies , we provide some recommendations as follows:

- Set the laws which organize the internal audit function in Algeria, as the law (10-01) which organizes the function of external auditing;
- Creating institutes in the field of internal audit like (I.F.A.C.I) in France;
- Sending the Algerian internal auditors to the famous institutes in the field of internal audit (IIA, IFACI...) to improve their skills;
- Creating the audit committees in the companies to help the internal auditors in their missions.

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