

The role of external auditing in reducing creative cost practices in agricultural businesses

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Abstract

The collapse of the huge international companies around the world increased the interest of provision of appropriate mechanisms which reduce practices that lead to manipulation in financial reports. Most of the researches report that these changes in financial statements which are practiced by the administrations of these companies and according to their desires, are behind their companies' sudden collapses, and that is what called the creative cost accounting. A quantitative research method used to measure the current study, moreover, 94 auditors participated in this study. The researcher employed a simple regression analysis to measure the developed three research hypotheses. The findings revealed that the highest value was found to be for first research hypothesis which stated that (There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses), moreover the lowest value was found to be for second research hypothesis which stated that (There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses) as for third hypothesis was found to be moderate which stated that (There is statistically significant relationship between fieldwork standards for external auditing and creative cost accounting practices in agricultural businesses). However, the findings demonstrated that the general standards of external auditing have the most effective role in reducing creative cost accounting practices in agricultural businesses.

Keywords: Creative cost. External Audit. Financial Statements. Agricultural Businesses

1. Introduction

Throughout the ages, the world has witnessed a development in the level of the size of the economic activities of the institution, moving from being small institutions with simple transactions to large institutions with large operations, which necessitated working to a number of means and techniques to ensure that the owners of the institutions to maintain their invested funds and reduce accounting errors and manipulations. the most important of these means accounting auditing, where it aims to ensure the integrity of accounting and financial

operations of manipulation and error and thus ensure the users of the financial statements for their safety (Al-Natsheh & Al-Okdeh, 2020).

Thus, the concept of creative cost accounting has become a focus and attention of accountants and auditors last few years, especially after the collapse of Enron companies. That event led to the collapse of one of the most important auditing companies around the world (Arthur Andersen) to prove involvement in the financial manipulations that took place in Enron. Because of some creative cost accounting methods (Wang, 2020). There is no doubt that the use of such practices has a very important impact on the destabilization of market trust in the information contained in the financial statements published by companies.

Saleem (2019) points out that creative cost accounting has crucial role in the sudden collapse of some companies last decade, which resulted in the failure of the accounting profession to reach the level expected for this profession. But the auditor's responsibility for discovering creative cost accounting is still one of the most controversial issues facing the audit profession. It can be said that it is one of the main methods contributing to the so-called gap of expectations. In view of the importance of the role of the external auditor in reducing the risk of creative cost accounting, which is reflected in the level of transparency, this research aims to evaluate the procedures applied by the external auditor in order to detect the methods of accounting in the companies.

It is observed the economic conditions that hit the economies of developed and developing countries led to the management of companies to follow innovative methods and practices that are represented beautification of financial data and show them without their real image. These economic conditions sometimes asked them to address the accounting data of the company or manipulation by the creation of accurate methods and accounting methods, or legal gaps, it is subject to (creative cost accounting) for the purpose of achieving those goals they wish, it negatively affects the credibility of those data, so developed countries were interested in the role that can be performed by audit. Outdoor activities in the reduction of these creative cost accounting practices. This is still the responsibility of the auditor for the discovery of such practices which is regarded as one of the most controversial issues facing the auditing profession.

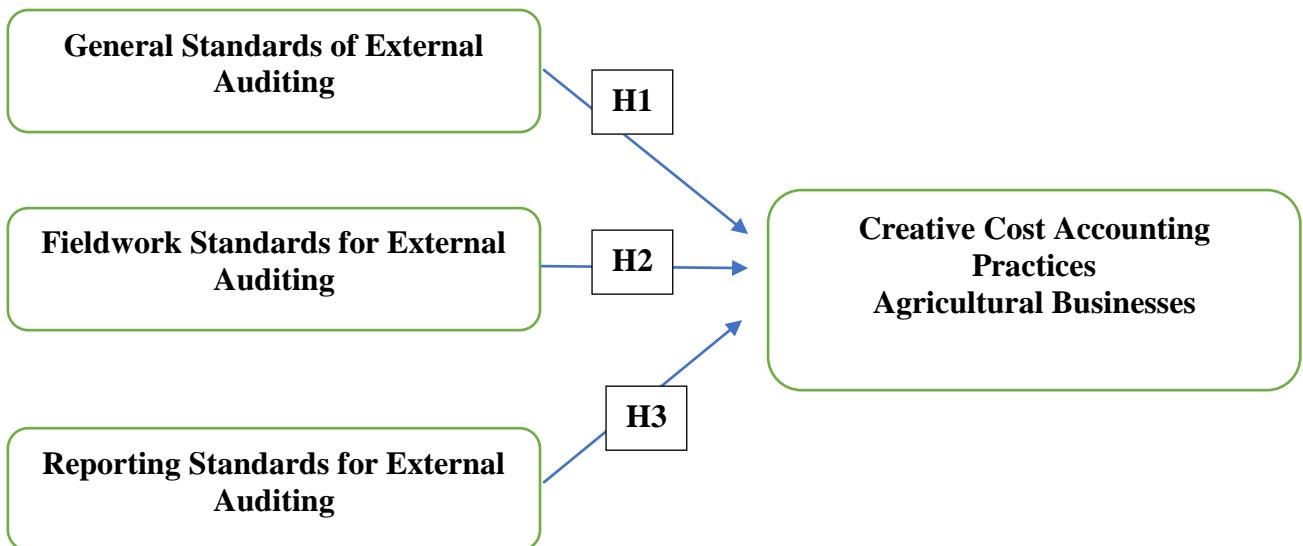


Figure 1: Research Model

The research hypotheses are:

H1: "There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses."

H2: "There is statistically significant relationship between fieldwork standards for external auditing and creative cost accounting practices in agricultural businesses."

H3: "There is statistically significant relationship between reporting standards for external auditing and creative cost accounting practices in agricultural businesses."

2. Literature Review

2.1. Definition of auditing

Auditing is an organized process of gathering evidence, objectively related to the results of economic activities and events, in order to determine the compatibility and congruence between these results and the established criteria and communicate to the parties concerned (Park, 2019). From the previous definition, it can be concluded that the audit represents: First, examining a set of information based on the investigation in order to verify the fairness and integrity of the financial statements, Secondly, providing the opinion to the relevant parties, to help them judge the quality of the information, Lastly, determining the

date of adoption of these financial statements in order to take appropriate economic decisions in a timely manner (Ababneh & Aga, 2019).

According to the modern concept of audit, it is a set of rules, principles, methods, standards by which the internal control systems and the data recorded in the entity's books, records and financial statements can be examined with a view to expressing an impartial technical opinion as to the extent to which the final financial statements reflect the results of their operations or their financial position at the end of limited period (Callaghan, et al. 2019).

2.2. Types of audit

Some studies divide the audit into several types, whereas the modern division of scrutiny according to Jokipii & Di Meo (2019) includes the following types:

- Audit of financial statements: the collection and assessment of evidence on accounting data represents the general budget, profit and loss account, cash flows and other financial statements. In order to express an opinion regarding the fairness of the financial position, this type of audit is performed by a neutral, qualified for example management, shareholders, investors, creditors, financial analysts, some state departments, and financial markets.
- Audit oversight: this is to ensure that the policies, instructions and laws established by a particular entity have been applied fairly, for example, by the tax authorities to ascertain the accuracy of income subject to income tax.
- Audit activity: it includes the acquisition and evaluation of evidence about the efficiency and effectiveness of the activity of the enterprise (the company) for a specific process, this type of audit may include all activities, examples are sales department, procurement, and warehouse.

2.3. Definition of external audit

The Audit Association is an organized and systematic process to collect and evaluate objectively relevant evidence about economic procedures and events to confirm the degree of consistency between these confirmations and specific criteria and to communicate the results to interested users (Saputra & Yusuf, 2019). Agrawal & Sharma, (2020) view auditing as the accounting and evaluation of evidence about data to determine and report on the degree of

correspondence between the information and established criteria it should be done by a competent and independent person.

2.4. Effect of auditing costs on auditor independence

The chief purpose of the external audit is to get a neutral professional report on the fairness of the financial statements of the entity's financial position. It is carried out by an external entity independent of the entity's management. The auditor's fees are considered as one of the crucial indicators that influence the independence and quality of the entity, In the face of intense competition in the market, fees tend to fluctuate influenced by the demand and supplying factor, which affect the auditor's independence substantially and the quality of service provided (Bento, et al.2020).

2.5. The external auditor's responsibility for internal control system examining

Kanyenji, et al. (2020) responsibility of the external auditor towards the study and evaluation of the internal control system, according to the British Audit Manual, which pointed out that the responsibility to of finding and evaluating the internal control system is mainly based on the management to preserve the assets Property, and prevent errors, fraud and manipulation. However, the auditor must personally consider the design of his work as an auditor, taking into consideration the elements of the control components, and ensuring that the accounting records and restrictions have been implemented in accordance with the controls. The guide also asserts that the auditor should assess the control environment before deciding to determine the required testing procedures. Knowing the control environment is necessary to determine to what extent internal control can be relied upon because a good control environment means proper control procedures and accounting system (Bueno, et al. 2020). On the other hand, Callaghan, et al. (2019) stated in their study dealing with the impact of internal control on revenues.as a head of an institution for the design of internal control systems. He mentioned that there are new requirements for internal control, the need to amend the law on the functions of the external auditor, which must include the following.

External auditors should examine the scope of internal control systems in public companies. The annual auditor's report should also include the results of its examination of this system. The report should also include an assessment of the internal prevention environment, to ensure that the financial operations are in accordance with established

controls and policies and procedures. Accurate, recorded and presented in the financial statements and generally accepted accounting principles. The auditor's report should include any observations on the internal control system, a statement of weaknesses in the system and an objective opinion on the effectiveness of the internal control system (Crosby, et al. 2019).

2.6. Creative cost accounting

The issue of creative cost accounting is of great importance at the present time because of the increase in international business and openness in the global markets, which leave fierce competition between enterprises the strong pressure to produce profits when it was difficult to find those profits and the emergence of many problems and difficulties that need solutions (Ayach, et al. 2019). The three financial issues at the international level, Enron, WorldCom and Xerox, have increased the interest of researchers and have had a significant impact on the accounting and auditing profession and the fall of these major enterprises. Akani & Ogbeide, (2017), indicated that due to the complexity of financial accounts, creative cost accounting has presented an enormous challenge to the accounting profession, which is difficult to apply and discover (Ashrafi, et al. 2020).

In order to identify and assess business performance fairly, the financial statements prepared through a transparent accounting system which was considered to be one of the most important means used to present financial statements to users from investors, creditors or other categories. Creative cost accounting played a major role by manipulating departments with profit figures; Departments either maintain or enhance the share price by means of profit management techniques, income smoothing and creative cost accounting methods, making them appear to be at lower risk (Amin, 2018). Many researchers have tried to define the concept of creative cost accounting. Due to the differences in the attitudes of these researchers, many definitions of this concept have emerged, and the researcher will present some definitions related to creative cost accounting (Kurnaz, et al. 2019). Creative cost accounting defined as the process by which accountants use their knowledge of international accounting standards generally accepted for manipulation and fraud to address the figures presented in the accounts of business enterprises (Okoye, et al. 2019). From the point of opinion of the journalist in the field of business and accounting as he pointed out that "the methods practiced by enterprises in order to reduce the size of profits or increase it to make the institution look better than reality, through the accounts that have been manipulated calmly in a subtle way on the irregularities and crimes and forms of fraud and manipulation

(Sahloul, et al. 2019). From the view of the financial analyst, Gautam, et al. (2020) report that the apparent growth in profits in the 1980s the result of the lightness of accounting skill and not the result of real economic growth, We began to uncover the main practices involved and provide vivid examples of the facility that is used those methods. Stončiuvienė, et al. (2020) also defined creative cost accounting as the process of converting financial accounting values from their true form to what is actually a desirable image according to their components. The new values give a positive advantage to the establishment without prejudice to any of the accounting principles and rules.

2.7.Creative cost accounting Forms.

There are a variety of forms, names and types of this manipulation of accounts that have been differentiated by classification according to the study of this phenomenon that has been called the names of almost the same meaning. Amat & Gowthorpe (2011), called accounts manipulations several names, namely aggressive accounting, earnings management, income smoothing, fraudulent of financial reporting and creative cost accounting practice. The methods of manipulating accounts and their forms are presented below (Somsouk, et al.2020).

Aggressive accounting: it insists on the selection and application of specific accounting methods to achieve desirable objectives such as high profits, whether the accounting practices used are based on the accepted accounting principles or not.

Earnings management: The earnings management of the most important images of creative cost accounting that has been discussed in previous studies. Generally speaking, there is no consensus among these studies on a common definition of management profits, following are the opinions of researchers in this field, (Huang, et al. 2019). Okada, et al., (2019), also defined earnings management innovation in the preparation of the financial report with a view to obtaining special benefits, Also Selivanoff & Hammer, (2019), defined In the framework of accounting selection as the process of selecting accounting policies by the company in order to achieve specific administrative objectives. Al-Natsheh & Al-Okdeh, (2020) also defined Management practices as they deem appropriate based on alternatives to accounting treatments that focus on receivables and on cash flows from operating activities, being less costly and difficult to observe at the same time.

In an attempt by the administration to misrepresent the profits to achieve ideas about the expected profits, manipulation of transactions meets with the requirements of various

accounting treatments. (Wang, 2020) , It is clear from previous definitions that profit management consists of intentional intervention by the management in the financial report to reach a certain predetermined amount that has been set by management or through the forecasts of financial analysts or to achieve stable income.

This administration is making its profits in two ways (Saleem, 2019).

a) Real management of profits, which result from the actions of real economic impact on the profits and cash flows, whereby it is reported on the profits that the company did not achieve, as in the case of using the accounting method of combining interests that make the accession of companies means to report profits without actually achieved, Although the authors of the financial statements prefer to report high profits,

This is offset by the fear that the company is increasingly exposed to requests from shareholders and employees to receive high dividends and salaries and increase taxes required by the government.

b) Management of accounting receivables that are made through changes in accounting estimates, in order to increase or reduce profits, or to settle differences in the short-term profits, profits to the year in need and pay expenses, the total receivables are divided by the difference between the net income of the period and flows Caused by operating activities.

In this context (Park, 2019) the difference between the profits of compulsory receivables that are not managed by managers, and means profits that do not include optional entitlements, and the profits that are managed and means profits after adjustment of test receivables. It is the manipulation of income in order to reach a specific goal in advance by the administration, or predicted by a financial analyst (Ababneh & Aga, 2019). The profits of the compulsory receivables are defined as the portion of the profit that is due to the application of the accounting accrual basis in a manner dictated by the circumstances surrounding the company. Such circumstances necessitate an increase or reduction of revenues or expenses for the current period without management intervention, such as an increase in normal income without expansion of credit terms , And the profits of the optional entitlements, defined as the part of the profits, which is estimated and timing of the choice of management such as the size and timing of the report on events affecting profits, the timing of the disposal of obsolete assets and the consequent revenues and expenses Unusual profit management literature has focused over the past decades on the vagueness of accounting methods and policies as a means of managing receivables, because the change in methods and accounting policies is permitted under generally accepted accounting principles and is

disclosed in the attached notes. The management of profits of type II mentioned management of accounting receivables does not include a falsification of facts, but a way to stabilize profits (Al_Bdairi, et al. 2019). From the above it can be concluded that the basis of accounting benefit is one of the most important means used by the administration to implement certain strategies, which leaves a positive or negative impact on the declared profits.

Income smoothing: Companies typically prefer to show steady growth in profits instead of announcing volatile earnings between biennia based on the belief that the volatility of the income growth rate increases the risk level, and that firms with a fixed or long-term growth rate are less risky. The introduction of income to show more stable profits, which gives the impression of lower risks to the company, and consequently result in higher share prices, lower borrowing costs and lower funding and political costs, so all the reduction of income fluctuations and stability of growth is one of the most important objectives of management. Profits which takes the form of a substantial increase has been seen by the government as an indicator of monopoly, and in return if taken fluctuations in profits form a significant decline was seen as an indicator of the company and obstructed discomfiture, prompting the state to intervene in both cases. (Jokipii & Di Meo, 20109). The use of this approach is widespread in Britain, as are countries that adhere to a policy of caution, which is usually maintained at high levels of allocations (Saputra & Yusuf, 2019). In this context, there are several definitions of income preparation. Although there is a difference between the researchers in expressing the concept of income preparation, there is agreement on the content of these definitions, some of which are presented below. The attempt by some managers to reduce the abnormal fluctuations in accounting profits within the limits permitted by the accepted accounting principles (Agrawal & Sharma, 2020). Income is one of the forms of profit management designed to eliminate the deviations of the natural profit series, including steps to reduce the retention of gains through good years to be used in other years. The income earned is either in a natural way resulting from the company's operating activities or in an inventive manner, which aims to stabilize income growth (Bento, et al.2020). According to Kanyenji, et al. (2020), it is a deliberate settlement of the declared intervention in order to reach the desired level or direction and it is considered to be the desire of the administration to reduce the abnormal deviations of income to the extent possible or permissible under the principles of accounting accepted. The introduction of income is done in two ways: the real boot, the non-real boot, the so-called boot, the so-called accounting boot or the artificial boot; the first method, the real boot, results in real trade exchanges and operational decisions that

require certain expenses or produce certain profits and are implemented by management in order to reduce flows Such as late or late-year sales transactions to influence the date of recognition of sales revenue, Which affects the current or future profit figure, meaning that this method has a material effect that leads to a real change in the results of the financial position and cash flows by controlling the timing and adjustment elements in the accounting estimates, as a conversion from one method to another way of depreciation or reconsideration of the way commodity inventory valuation, or the timing of some expenses for research and development expense and time put out, and maintenance expenses and advertising (Bueno, et al. 2020). While the second method, the artificial boot, and results from manipulation by the administration of the timing of the accounting restrictions in order to indicate the accounting profits in accordance with their wishes to prepare the income without affecting the cash flows (Callaghan, et al. 2019).

Fraudulent of financial reporting: it is the misunderstanding of false data or deletion of certain values to mislead the users of financial statements and it is illegal.

Creative cost accounting practice: it is the use of practice deviating from standard accounting practices by manipulating expenditure and revenue values.

Excessive or exaggerated losses: Included in the images of creative cost accounting exaggeration or amplification of losses, a common accounting method of dealing with losses is to exaggerate the losses of the current period, which is bad in all cases in the sense of income losses to improve the image of the company future performance. The risk of imposing additional sanctions on the administration leads to increasing losses from the current situation, by postponing some of the revenues in the current bad year, or by charging the current year with future expenses to pave the way for future profits It is necessary to point to the widespread practice of this method of overpopulation in public sector companies if the excessive losses of these companies are motivated not only by material benefit but also by intangible benefits, because public sector managers give greater attention to the potential loss of credibility trust and loyalty (Crosby, et al. 2019).

3. Methodology

The methodology of the study procedures is a major focus through which the practical side of the study is accomplished and the way data are obtained that are required for statistical analysis, so as to reach the results of the goals of the study that have been adopted mainly study and analysis of the role of the auditor in the reduction of creative accounting practices based on the responses in the questionnaire distributed to accountants and auditors.

3.1. Data collection tools

The data collection tool was designed to benefit from the accounting literature and auditing published on the subject of the study, as well as relying on the ideas that were discussed in the theoretical aspect. After the design of the questionnaire, it was presented to the jury of specialists, including professors, accountants and auditors in order to detect clarity of terms and to review (validate) the questionnaire items and After the questionnaire was presented to the professors and the auditors, the researcher studied their observations and instructions on the questionnaire items. Which included the deletion of some of the statements that characterized the repetition, and rephrase some of the statements to become more clear, taking into account the nature of the Almaty environment and try to simplify the vocabulary of the questionnaire and the abbreviation to the maximum extent possible so that the answer is fast and understandable and then the researcher presented this tool on a sample of the community Consisting of 94 auditors. The aim was to ensure that the instructions for the questionnaire were clear, to ensure that the statements were clear, to check the appropriateness and validity of the components of the questionnaire, to finalize the questionnaire, to adjust some items, and then to the average time to answer the average time taken to answer each questionnaire ranged from (25 minutes to 30 minutes), which is a good time for the questionnaire paragraphs. This questionnaire covers all aspects of the study.

3.2. Analysis

3.2.1. Demographic analysis

Table (1) shows the accountants' background statistics participated in the present study, the results demonstrated that 68 male accountants participated in the present study on

the other hand 26 female accountants, though the findings revealed that the majority of male accountants participated in this study. Regarding accountants' level of education, the results revealed that 20 accountants had diploma certificate, 35 accountants had bachelor's degree, 34 accountants had master's degree, 3 accountants had PhD degree and 2 accountants had other degree than listed above.

Table 1: Demographic analysis

| No | Items | Scales | Frequency | Percent |
|----------|------------------|---------------|-----------|---------|
| 1 | Gender | Male | 68 | 72.3 |
| | | Female | 26 | 27.7 |
| 2 | Age | 20-29 | 12 | 12.8 |
| | | 30-39 | 33 | 35.1 |
| | | 40-49 | 17 | 18.1 |
| | | 50-59 | 20 | 21.3 |
| | | 60-69 | 12 | 12.8 |
| 3 | Education | Diploma | 20 | 21.3 |
| | | Bachelor | 35 | 37.2 |
| | | Master | 34 | 36.2 |
| | | PhD | 3 | 3.2 |
| | | Other | 2 | 2.1 |
| | | Total | 94 | 100 |

3.2.2. Reliability analysis

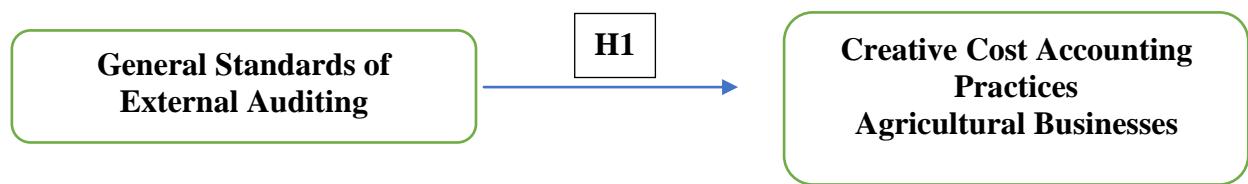
For the purpose of items reliability, the author applied reliability statistics to examine the reliabilities, however the results showed that the Cronbach alpha's value for (General Standards of External Auditing) was .791 for nine questions, the Cronbach alpha's value for (Fieldwork Standards for External Auditing) was .765 for eight questions, the Cronbach alpha's value for (Reporting Standards for External Auditing) was .746 for nine questions, and the Cronbach alpha's value for (Creative Cost Accounting Practices Agricultural Businesses) was .756 for ten questions, however the results proved that all variables and questions used to measure this study were reliable since all Cronbach alpha's value were higher than 0.7.

Table 2: Reliability analysis

| No | Variables | Cronbach alpha | No of items |
|----------|---|----------------|-------------|
| 1 | General Standards of External Auditing | 9 | .791 |
| 2 | Fieldwork Standards for External Auditing | 8 | .765 |
| 3 | Reporting Standards for External Auditing | 9 | .746 |
| 4 | Creative Cost Accounting Practices | 10 | .756 |

| | | | |
|--|-------------------------|--|--|
| | Agricultural Businesses | | |
|--|-------------------------|--|--|

4. Results



H1: There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses.

Table 3: Correlations- Hypothesis 1

| Correlations | | | |
|--|---------------------|--|------------------------------------|
| | | General Standards of External Auditing | Creative Cost Accounting Practices |
| General Standards of External Auditing | Pearson Correlation | 1 | .709 ** |
| | Sig. (2-tailed) | | .000 |
| | N | 352 | 352 |
| Creative Cost Accounting Practices | Pearson Correlation | .709 ** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 352 | 353 |

**. Correlation is significant at the 0.01 level (2-tailed).

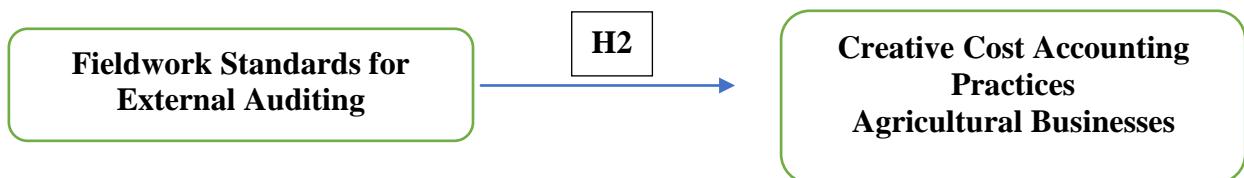
The above table shows the correlation between the general standards of external auditing and creative cost accounting practices in agricultural businesses, the result showed that the value of correlation is .709** this demonstrates that there is a positive and significant correlation between the general standards of external auditing and creative cost accounting practices in agricultural businesses.

Table 4: Coefficients- Hypothesis 1

| Model | | Coefficients | | | | |
|-------|--|-----------------------------|------------|---------------------------|--------|------|
| | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .487 | .188 | | 2.584 | .010 |
| | General Standards of External Auditing | .905 | .048 | .709 | 18.785 | .000 |

a. Dependent Variable: Creative Cost Accounting Practices

The author applied a simple regression analysis to examine first hypothesis which stated that (There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses). The value B was found to be (.905) which is higher than .005 with P value of .000, indicated that the first hypothesis is supported.



H2: There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses.

Table 5: Correlation-Hypothesis 2

| Correlations | | | |
|--|---------------------|--|------------------------------------|
| | | General Standards of External Auditing | Creative Cost Accounting Practices |
| General Standards of External Auditing | Pearson Correlation | 1 | .470 ** |
| | Sig. (2-tailed) | | .000 |
| | N | 352 | 352 |
| Creative Cost Accounting Practices | Pearson Correlation | .470 ** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 352 | 353 |

**. Correlation is significant at the 0.01 level (2-tailed).

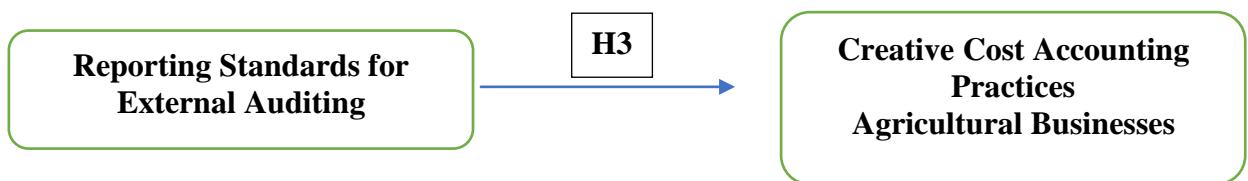
The above table demonstrates the correlation between the general standards of external auditing and creative cost accounting practices in agricultural businesses, the result shows that the value of correlation is .470 ** this proves that there is a positive and significant correlation between the general standards of external auditing and creative cost accounting practices in agricultural businesses.

Table 6: Coefficients-Hypothesis 2

| Model | | Coefficients | | | t | Sig. |
|-------|----------------------|-----------------------------|------------|---------------------------|--------|------|
| | | Unstandardized Coefficients | | Standardized Coefficients | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.555 | .148 | | 17.250 | .000 |
| | General Standards of | .379 | .038 | .470 | 9.949 | .000 |

| | | | | | | |
|---|--|--|--|--|--|--|
| External Auditing | | | | | | |
| a. Dependent Variable: Creative Cost Accounting Practices | | | | | | |

The author applied a simple regression analysis to examine second hypothesis which stated that (There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses). The value B was found to be (.379) which is higher than .005 with P value of .000, indicated that the second hypothesis is supported.



H3: There is statistically significant relationship between fieldwork standards for external auditing and creative cost accounting practices in agricultural businesses.

Table 7: Correlation- Hypothesis 3

| Correlations | | | |
|---|---------------------|---|------------------------------------|
| | | Fieldwork Standards for External Auditing | Creative Cost Accounting Practices |
| Fieldwork Standards for External Auditing | Pearson Correlation | 1 | .589 ** |
| | Sig. (2-tailed) | | .000 |
| | N | 353 | 353 |
| Creative Cost Accounting Practices | Pearson Correlation | .589 ** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 353 | 353 |

**. Correlation is significant at the 0.01 level (2-tailed).

The above table shows the correlation between fieldwork standards for external auditing and creative cost accounting practices in agricultural businesses, it shows the value of correlation is .589 ** this proves that there is a positive and significant correlation between fieldwork standards for external auditing and creative cost accounting practices in agricultural businesses.

Table 8: Coefficients- Hypothesis 3

| Coefficients | | | | |
|--------------|----------------|--------------|---|------|
| Model | Unstandardized | Standardized | t | Sig. |

| | | Coefficients | | Coefficients | | | |
|---|---|--------------|------------|--------------|--|--------|------|
| | | B | Std. Error | Beta | | | |
| 1 | (Constant) | 1.137 | .207 | | | 5.481 | .000 |
| | Fieldwork Standards for External Auditing | .724 | .053 | .589 | | 13.661 | .000 |
| a. Dependent Variable: Creative Cost Accounting Practices | | | | | | | |

The author applied a simple regression analysis to examine third hypothesis which stated that (There is statistically significant relationship between fieldwork standards for external auditing and creative cost accounting practices in agricultural businesses). The value B was found to be (.724) which is higher than .005 with P value of .000, indicated that the third hypothesis is supported.

5. Conclusion

The study aimed to investigate the role of external auditing in reducing creative cost practices in Agricultural businesses in Almaty. The largest number of sample members of the study see that the availability of appropriate academic qualification and professionalism plays a key role with the external auditor to perform the audit. Valuation and adequate examination the assists auditor to detection of fraud and misinformation in the financial statements. The external auditor has the fieldwork standards and the possibilities of the economic unit to do its work. The external auditor has all the standards for preparing the report, which helps to obtain good results. The adoption of economic institutions to the practices of creative accounting was one of the reasons for the collapse of many international companies. The researcher employed a simple regression analysis to measure the developed three research hypotheses. The findings revealed that the highest value was found to be for first research hypothesis which stated that (There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses), moreover the lowest value was found to be for second research hypothesis which stated that (There is statistically significant relationship between the general standards of external auditing and creative cost accounting practices in agricultural businesses) as for third hypothesis was found to be moderate which stated that (There is statistically significant relationship between fieldwork standards for external auditing and creative cost accounting practices in agricultural businesses). However, the findings demonstrated that the general

standards of external auditing have the most effective role in reducing creative cost accounting practices in agricultural businesses.

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