

# The Role of Forensic Accounting in Reducing Earnings Management Practices

Professor Jalil Ibrahim Salih<sup>1</sup>, Dr. Emad Abdel Sattar Al Mashkoor<sup>2</sup>, Sherihan Kazem Shanishel Al Ramahi<sup>3</sup>

Southern Technical University, Technical Institute of Basra, Iraq.

## Abstract

The importance of the research can be summarized through the contribution of forensic accounting in reducing earnings management practices through the use of forensic accounting techniques. Forensic accounting is an important issue in developing accounting and facing earnings management practices. The aim of the research is to determine the methods of forensic accounting that help reduce earnings management practices. And to identify the most important obstacles that limit the application of judicial accountability. The research reached conclusions that forensic accounting has an important role in revealing false financial statements related to taxable profits. Forensic accounting enhances the work of oversight institutions, particularly the Integrity Commission and external audit offices. Forensic accounting helps reduce creative accounting practices by identifying sources of misleading revenues, expenses and amounts disbursed through a post-audit that helps in revealing the real revenues and their timing. Forensic accounting limits creative accounting practices by recognizing true revenue. The absence of standards, legal legislation and approved guidelines regulating the work of a chartered accountant. The lack of interest in the forensic accountant on the part of universities in the educational curricula.

**Keywords:** forensic accounting, earnings management.

## Introduction

Creative accounting practices began since the industrial revolution until these days, and the observations showed that these practices increased since the beginning of the eighties due to the economic stagnation that occurred during that period, which led to the management of companies

smoothing income and showing them false profits, and in recent years many cases of corruption have appeared. Fraud and manipulation of financial statements and the collapse of major international

companies due to poor management planning or due to the failure of external auditors to detect these practices. The most prominent of these companies is the American energy company ENRON, which declared bankruptcy in (2001) due to its misleading accounting practices. Other scandals in giant companies, so forensic accounting appeared as a method for investigating the presence of fraud as the best solutions to detect and prevent any fraud practices through the use of its techniques and methods, including data

mining technology (DMT)), Benfords law, computer-assisted audit technology (CAATs, Relative Size Factor Theory (RSF).

### **The methodological framework and previous studies**

#### **First: Research Methodology**

**Research problem:** The research problem can be identified by formulating the following questions for the study problem and my agency: Does the use of forensic accounting help in limiting earnings management practices? What are the obstacles to the application of judicial accounting?

#### **Research Hypothesis**

Through the research problem, the following hypothesis can be formulated:

H1: There is a statistically significant relationship between the application of forensic accounting techniques and its role in limiting earnings management practices.

H2: There are obstacles that limit the application of judicial accountability.

#### **Second: previous studies**

1- Study ( Ikechukwu et al., 2020) Effect of Forensic Investigation Techniques in Detecting Occupational Fraud In The Public Sector: A Study Of Ministry Of Finance, Anambra State. This study aimed to examine the impact of judicial investigation techniques in detecting professional fraud in the public sector by discovering whether there are generally accepted judicial investigation techniques for fraud detection in the public sector, and examining the extent of the relationship between data mining technology and fraud detection. In salaries in the public sector, the study concluded that judicial

investigation techniques are effective in detecting and monitoring professional fraud in the public sector. Computers (CAATs) will significantly reduce the incidence of fraud committed in the public sector.

2- Study (Tapang & Ihendinihu, 2020) Effect of Forensic Accounting Services on Unethical Practices in Nigerian Banking Industry. The study aimed to show the impact of forensic accounting services on unethical practices in the Nigerian banking industry, and the study found that the forensic accounting service has a significant impact on unethical practices, so a bank that wants to grow at a lower level of unethical practices must put sufficient resources to be able To practice forensic accounting services correctly in its various departments, and one of the most important recommendations of this study is to maintain effective operations in the bank. Unethical practices must be monitored, detected and prevented in the banking sector, with forensic accounting services being a tool that can be used to help in this and the best way to avoid unethical practices Ethics in a bank is to maintain a staff handbook and set clear standards for employees from the start An employee handbook can be helpful in establishing principles and values to guide the organization.

3- Adebis, (Eko, Moses, 2020) study Evaluation of Forensic Accounting Techniques in Fraud Prevention\ Detection in the Banking Sector in Nigeria. This study aimed to assess the potential impact of forensic accounting techniques on fraud prevention and detection in the banking sector in Nigeria, by ascertaining the effect of Commercial Data Extraction (CDM) technology on fraud prevention and

## The Role of Forensic Accounting in Reducing Earnings Management Practices

detection in commercial banks in Nigeria and to ascertain the impact of the application of Ratio Analysis (RAS) technology ) in preventing and detecting fraud in commercial banks in Nigeria, and the study concluded that the application of forensic accounting techniques has the ability to detect or prevent fraudulent practices in the banking system, and one of the most important recommendations of this study should be entrusting all commercial banks as a regulatory policy to install a strong mining program Commercial data in their internal audit units and their servers across branches. As banks embrace technology, there must be human capacity building through training of employees in the IT system, an anonymous response hotline being introduced in all banks and widespread outreach to attract the attention of the public.

4- Study (Kingsley & Efosa, 2016) FORENSIC ACCOUNTING AND FRAUD MANAGEMENT: EVIDENCE FROM NIGERIA. This study aimed to examine whether effective forensic accounting significantly affects the reduction of anti-fraud operations, and whether there is a significant difference between professional forensic accountants and traditional external auditors, and the study found the importance of the financial statement of IFRS in listed companies in Nigeria One of the most important recommendations of this study is for companies to ensure that the current business reporting model is modified to suit the requirements of disclosure and reporting of the International Financial Reporting Standards. .

5- Study (Temitope , 2014) Effect of Forensic Accounting on the Financial

Performance of Commercial Banks on Nigeria The study aimed to investigate the impact of forensic accounting on the financial performance of commercial banks in Nigeria, and the study concluded that the use of forensic financial information affected and improved the performance of commercial banks in Nigeria, and that the use of forensic financial information had improved transparency in commercial banks and succeeded in reducing fraud. And increase profitability, and one of the most important recommendations of this study emphasizes the need for commercial bank management to use judicial financial information and enhance it because this will help increase profitability and the bank's management has to adapt to the new technological changes that occur in the world to ensure that they have a well-organized system to accommodate these changes.

6- Study (OYIER, 2013) THE IMPACT OF FORENSIC ACCOUNTING SERVICES ON FRAUD DETECTION AND PREVENTION AMONG COMMERCIAL BANKS IN KENYA. This study aimed to determine the impact of forensic accounting services on fraud prevention and detection among commercial banks, and to determine the most prevalent types of fraud among commercial banks in Kenya. One of the most important recommendations of this study is the need to review the organizational structure of the company in order to better align it with the work of forensic accounting services.

**Conceptual framework: the foundations of knowledge research**

**First: The emergence of judicial accounting**

Judicial accounting is a science that differs from traditional accounting that leads to obtaining facts through the use of procedures and auditing methods that deal with legal and financial problems, so judicial accounting is the result of the integration between the legal framework and the accounting framework (Azadzade, 2018: 170). The first documented evidence of knowledge of forensic accounting was in an advertisement in one of the daily newspapers in Glasgow in the Republic of Scotland in the year (1824), however, it began to appear in the United States of America and England in the year (1900) when articles appeared that present Advice on giving expert testimony. (Biswas et al, 2013: 100) believes that during the year (1800) a close relationship developed between accounting and the legal profession, and many amendments to the disclosure of financial statements can be attributed to fraud in companies, in the year 1930) credit was attributed to ( Eliot Ness) in bringing down gangster Al Capone but his case based on the investigative work of Elmer Irey, an accountant with the Internal Revenue Service who secured Capone's conviction for tax evasion, was perhaps America's first prominent forensic accountant. It is clear from the foregoing that the real motives for the emergence and growth of judicial accounting are to meet the judiciary's need of experts or investors, in addition to meeting the needs of investors, shareholders and lenders of correct and honest information and providing services to tax authorities and government regulatory authorities.

### **Second: The concept of judicial accountability**

There is no agreement between researchers and authors on the concept of forensic accounting, as the concept differs from one author to another depending on the case in question, but all researchers and authors agree that the application of forensic accounting can be used to support legal procedures in lawsuits (Shibli et al, 2020: 1). The American Institute of Certified Public Accountants (AICPA/2005) defines forensic accounting as that accounting that includes the application of certain skills related to accounting auditing, finance, quantitative methods, parts of the law, and research and investigation skills to collect, analyze, evaluate evidence and explain and report findings. Oyebisi (2018:2) indicates that the ACCA defines forensic accounting as the use of skills in potential or real civil or judicial disputes, including generally accepted accounting and auditing principles in determining losses of profit, income, property or damage, and estimates Internal control, fraud and others involving the inclusion of accounting expertise in the legal system.

### **Third: The reasons for the emergence of judicial accountability**

The important reasons for the increasing demand for forensic accounting services are summarized as follows: (Al-Jalili, 84: 2012).

- 1- The rapid economic development and the limited internal and external audits.
- 2- The method of appointing legal auditors by companies involved a kind of collusion and pressure.
- 3- The weakness of the existence of binding legislation due to the importance of the role of the chartered accountant in supporting the lawsuits.

### Fourth: Forensic accounting techniques

1- Data mining: It is a set of computer-supported techniques designed to automatically mine large amounts of data to obtain new, hidden or unexpected information or patterns. Data mining techniques are classified in three ways, including (exploration, prediction models, analysis Contrast) (Shah, 2014:36).

2- Benford's Law: It is a simple, easy and easy to apply law, and it is a mathematical way to identify whether the variable under study is a case of unintentional errors or a fraud, because the variable under study is subject to certain determinants, and Benford's law may not work well when The sample size is not large enough (Ozcan, 2019:1750).

3- Relative Size Factor Theory (RSF): This technique highlights all the unusual fluctuations that may be directed from fraud or real errors, and (RSF) is measured as a ratio from the largest number to the second largest number of the specified group, the relative size factor (RSF) A subgroup is: the second largest number in the subgroup / the largest number in the subgroup = RSF, as there are certain measurements for each group such as (customers, employees, and others). to make the appropriate decision (Bassey, 2018: 82).

4- Computer Aided Audit Technology: It is the practice of using computers to automate audits (CAATs), as data analysis provides many benefits that help prevent and detect fraud, so a set of huge data is dealt with to process complex transactions and thus save time and improve efficiency. (Dutta, 2018: 1128).

5- Ratio analysis: The ratio analysis technique is one of the techniques used in

detecting fraud by calculating data analysis ratios for the main digital fields. As for the most used ratios (the ratio of the highest value to the lowest value, the ratio of the highest value to the second highest value, the ratio of the current year to the previous year (Al-Sayegh, 2019: 72).

### Fifthly, Earnings management

#### First: The emergence of creative accounting

The emergence of creative accounting goes back to the beginning of the eighties when companies faced difficulties during the economic recession that occurred in the twentieth century and pressure increased to achieve the best profits represented by earnings management. , (2018:8). The concept of creative accounting has been the focus and attention of many accountants and auditors in recent years, especially after the events of the collapse of Enron, so creative accounting is seen as a deceptive practice because it tends to direct users to make decisions based on manipulated accounting information, It can be understood as an intention to hide something (Catalina, 2018:160). Creative accounting practices differ from fraudulent practices, they are not illegal but unethical in terms of misleading investors, the practices involved in manipulating books are duly authorized by the accounting system and therefore cannot be considered a violation of any rule or regulations (Bankole et al., 2018 :59)

Earnings management is one of the most popular forms of creative accounting practices to the extent that in many studies the term earnings management is used as an alternative term for creative accounting (High, 2018: 23), and earnings



management arises as a result of the flexibility offered by generally accepted accounting principles to choose between a set of policies. When preparing the financial statements (Rizk, 2016: 72), earnings management was also defined as the process of manipulating profits to achieve predetermined goals from management, which are considered by analysts or values that are consistent with paving income towards fixed gains (Matar et al., 2009: 7) as well as 3) Mulford & Comisky, 2002) they defined earnings management as the manipulation of income in order to reach a predetermined goal by management, or predicted by a financial analyst, or to be compatible with specific courses of action. On profitability lists, which appears in the published financial statements and is aimed at manipulating profits, and the earnings management seeks to achieve certain goals that serve the personal interests of the company's management, such as matching the expectations of financial analysts regarding future profits and achieving specific growth in profits (Al-Nimreen, 2019: 8). Earnings management can be good or bad, and this depends on the implications for all parties that rely on the financial statements. Earnings management is good if the ultimate goal is to advance the company without being at the expense of any of the parties, but if it is done with the aim of achieving an interest. One category without the other, it would be bad.

The behavior of earnings management is classified into two parts: First, (opportunistic earnings management) is an opportunistic behavior of managers to maximize their benefit in the face of compensation contracts, debt contracts and

political costs. Second, (Efficient Earnings Management), whereby earnings management gives managers the flexibility to protect themselves and the company from unexpected events for the benefit of the parties involved in the contract, and thus managers can influence the market value of their company's shares through earnings management, and earnings management is one of the factors that reduce the credibility of the financial statements (Adhikara, 2011: 112). The management behind the earnings management practices aims to achieve many purposes, the most important of which are misleading the company's stakeholders about the company's performance and improving the effects of the disclosed income, reducing the company's cost of capital, increasing future profits and enhancing the performance of the establishment for the current period, and the methods of earnings management are as follows: (Ahmed, 2018: 52)

- 1- Earnings management using accrual accounts
- 2- Managing profits through manipulation of actual activities

Fourth: The role of forensic accounting in limiting creative accounting practices

Judicial accounting appeared due to the need for forensic accountants to investigate several financial activities and submit reports that clarify the facts beyond the numbers. With officials, and investigating the truth through the necessary investigations about illegal and suspicious activities (Al-Jabari, 2018:51). Forensic accounting has a very essential role in preventing, detecting and investigating fraud and other economic

## The Role of Forensic Accounting in Reducing Earnings Management Practices

crimes in the economy, and the areas covered by forensic accounting are as follows: (1) Reducing economic crimes through awareness programs, with the aim of highlighting the existence of potential risks and the need for crime prevention strategies Economic (fraud) in each company, (2) Audit of the judicial justice system as it relates to economic crimes in financial institutions and all relevant records with a view to identifying material deficiencies and properly reporting them (Emmanuel.

### The Results:

The data of the variable (judicial accounting) was described and diagnosed with its dimensions to know the responses of the sample members to the variable of judicial accounting in its dimensions. Creative Accounting and Earnings management), which included (16) paragraphs of the questionnaire, and the arithmetic mean, standard deviation and coefficient of variation were calculated in order to interpret the results. ) As shown in Table (1-3) listed below:

**Table (1-1) Description Statistical**

the difference	deviation normative	average	I agree no completely	I agree no	I agree to me Limit What	I agree	I agree completely	Phrase
27.6	1.09	3.95	1	3	26	47	24	contribute Accounting Judicial in detection About data Finance the others real related profit submissive for tax
			1	3	25.7	46.5		
29.5	1.17	3.97	1	3	27	44	26	contribute Accounting Judicial in reassure Investors And the Shareholders And the Lenders And the creditors in get on me . their rights Finance
			1	3	26.7		43.6	
29.2	1.2	4.1	1	3	16	54	27	Accounting Judicial in to contribute support and boost a job Institutions censorship especially body integrity and offices . audit external
			1	3	15.8	53.7	26.7	
33.6	1.39	4.14		7	15th	46	33	Works the accountant Judicial as a witness expert in condition Disputes nature Finance self
			5.9	6.9	14.9	45.5		
51.3	1.71	3.33	6	26	23	32	14	He approves the accountant Judicial on me Capabilities legal analysis And the legitimacy more comprehensive and wider From requirements the accountant legal
			5.9	25.7	22.8	31.7		
45.4	1.65	3.64	2	13	32	38	16	contribute Accounting Judicial in limit From registration Expenses operational on me that it expenses capitalism
			2	12.9	31.7	37.6	15.8	
29.7	1.17	3.93						

The above tables can be interpreted to remove the variable (forensic accounting - earnings management) and they were as follows: We note through the table that shows the answers of the sample members to the questions of the axis of forensic accounting - earnings management, as it is noted that most of the answers of the sample members were about agreeing to the paragraphs, where the best paragraph was paragraph (1) (forensic accounting contributes to the disclosure of unreal financial statements related to taxable profits), as it obtained the lowest coefficient of variation, which amounted to (27.6), and this indicates the homogeneity and agreement of the sample members on it. But it is not the highest arithmetic mean between the paragraphs, and the standard deviation reached a value that does not exceed (1.09), and this indicates that there was no significant dispersion between the answers of the sample members about the average of their answers, which made this paragraph the best among the paragraphs of the axis, as it obtained the lowest coefficient of difference.

We also find that paragraph (3) (forensic accounting contributes to supporting and enhancing the work of the oversight institutions, especially the Integrity Commission and the external audit offices) ranked second with the lowest coefficient

of variation, and this indicates its importance to the answers of the sample members, and it obtained the highest arithmetic average if it reached (4.1), as well as The standard deviation was (1.2), which is also a small amount that indicates the homogeneity of the answers of the sample members to this paragraph, and this indicates that judicial accounting contributes to supporting and enhancing the work of the regulatory institutions, especially the Integrity Commission and the external audit offices. The standard deviation (3), and also that the value of the standard deviation did not exceed (1.7), and this indicates that the answers of the sample members did not disperse and their opinions varied on the questions that were asked to them regarding the axis and for the coefficient of variation, as it did not exceed in all variables (51%), which indicates On the homogeneity of the answers of the sample members in all the paragraphs of the axis, and the general average of the axis reached the value of the coefficient of variation as small as it reached (30%), as well as the general average of the axis tends towards approval, and this indicates the agreement of all members of the study sample on the importance of This axis and the convergence of their ideas and the dispersion of their opinions.

Kolmogorov Smirnov - test			Paragraph
Sig. (2 tailed )	N	Test Statistic	
0.325	101	0.654	contribute Accounting Judicial in detection About data . Finance the others real related profit submissive for tax
0.145	101	0.532	contribute Accounting Judicial in reassure Investors And the Shareholders And the Lenders And the creditors in get . on me their rights Finance
0.098	101	0.425	contribute Accounting Judicial in to support and boost a censorship especially body integrity and job Institutions . offices audit external
0.065	101	0.384	Works the accountant Judicial as a witness expert in . condition Disputes self nature Finance
0.427	101	0.725	He approves the accountant Judicial on me Capabilities analytical legal and legality more comprehensive and . wider From requirements the accountant legal
0.58	101	0.131	contribute Accounting Judicial in limit From registration . Expenses operational on me that it expenses capitalism



## The Role of Forensic Accounting in Reducing Earnings Management Practices

Through the above tables to remove the variable (obstacles), and they were as follows: We note through the table that shows the answers of the sample members to the questions of the axis of obstacles, as it is noted that most of the answers of the sample members were about agreeing to the paragraphs, where the best paragraph was paragraph (1) (the absence of standards, legal legislation, and approved guidelines regulating the work of the forensic accountant), as It obtained the lowest coefficient of difference and it reached (43.5), and this indicates the homogeneity and agreement of the sample members on it, and the arithmetic mean of the answers was (34.57) (This indicates the agreement of the study sample that there are no standards and legal legislation that help and regulate the work of the forensic accountant, but it is not the highest arithmetic mean between Paragraphs, and the standard deviation reached a value not exceeding (1.987), and this indicates that there is no significant dispersion between the answers of the sample members about the average of their answers, which made this paragraph the best among the paragraphs of the axis, as it obtained the lowest coefficient of difference.

We also find that paragraph (2) (lack of interest in the forensic accountant by the competent authorities) got the second place with the lowest coefficient of variation, and this indicates its importance to the answers of the sample members. It is also a small amount that indicates the homogeneity of the answers of the sample members on this paragraph and their agreement that the forensic accountant does not receive the accepted attention by the competent authorities, and we also note that the arithmetic mean values for the rest

of the paragraphs have exceeded the average standard performance (3), and that the value of the standard deviation did not increase About (2.8) and this indicates the lack of dispersion of the answers of the sample members and their differing opinions on the questions that were asked to them regarding the axis. The study sample members emphasized the importance of this axis and the importance of its paragraphs.

### 2- The normal test

The most important statistical tests such as (t-test) and anova test) and regression analysis depend on a prerequisite for implementation, which is the condition that the data under study are distributed naturally, and accordingly, the data distribution must be tested. Or not (Sekara & Bougie, 2010: 337-338).

#### The first hypothesis test

The first hypothesis states (there is a statistically significant relationship between the application of forensic accounting techniques and their role in limiting earnings management practices), and thus the results of the data test for the normal distribution shown in the table below showed that all (sig) values were higher than (0.05), which means accepting the hypothesis that It states that the data are distributed naturally, that is, the forensic accounting variable - earnings management, its data are distributed in a normal distribution, and all statistical laboratory tests can be performed on it as shown in the following table:

**Table (3-1) test results for the first hypothesis variable**

Kolmogorov-Smirnov test			
Sig.2 tailed	N	Test Statistic	
14	33	54	Presence Standards And the legislation legal And the instructions non . Accredited organize a job the accountant Judicial
12	36	51	non Presence interest accountant Judicial From Before parties . competent
13	45	41	parties trade unionism non Presence the support enough From Before . for profession Accounting Judicial
10	47	43	non interest From Before guilds professional local courses to train . and teach accountants to become accountants Judicial qualified
18	37	31	practitioners Accounting non Presence sanctions clear on me my . creative
29	40	26	Need Application Accounting Judicial to many From the time And . the voltage
13	49	35	lack Awareness inside The environment Iraqi importantly Application Accounting Judicial in Solution Disputes Finance And .. the commercial
16	38	39	non availability Employees qualified practically and scientifically for work as accountants Judicial limit From Application Accounting . Judicial
23	34	43	no exist interest in Accommodation Courses training specialist to qualify accountants judges and train them Around how to Combat . means corruption and fraud financial
16	36	52	lack interest From Before Universities Iraqi accounting Judicial And . the inserted within Curricula teaching in colleges

Source: prepared by the researcher from the outputs of (spss.v.23)

The second hypothesis test

The second hypothesis states (there are obstacles that limit the application of forensic accounting), and thus the results of testing the data for the normal distribution shown in the table below

showed that all (sig) values were higher than (0.05), and this means accepting the hypothesis that states that the data are distributed naturally, meaning that the variable Obstacles: Its data is distributed in a normal distribution, and all statistical laboratory tests can be performed on it.

**Table (4-1) test results for the second hypothesis variable**

Sig .	t	Labs regression	variable independent
000	7.359	0.979	limit Constant
000	21.978	0.712	profits Teacher a variable Management

## The Role of Forensic Accounting in Reducing Earnings Management Practices

Through the table below, after conducting the Spearman test to ensure that there is a statistically significant correlation relationship:

1- The value of the correlation coefficient for the variable of creative accounting with the variables of judicial accounting -

earnings management is a positive and statistically significant value if the sig value was less than (5%).

H2: There is no significant relationship in effect between forensic accounting - earnings management and the creative accounting variable.

**Table (5-1) of the results of the Spearman test to measure the correlation between the approved variable creative accounting with forensic accounting variables**

difference average About the middle hypothetical	SIG	N	T-Test	Paragraph
1.574	000	100	7.964	non Presence Standards And the legislation legal And the instructions Accredited organize a job the accountant Judicial
1.535	000	100	7.343	Presence interest accountant Judicial From Before parties non .competent
1.426	000	100	6.482	non Presence the support enough From Before parties trade .unionism for profession Accounting Judicial
1.515	000	100	6.720	professional local courses to non interest From Before guilds train and teach accountants to become accountants Judicial .qualified
1.050	000	100	4.180	non Presence sanctions clear on me my practitioners .Accounting creative
1.069	000	100	4.188	many From the time Need Application Accounting Judicial to .And the Effort
1.376	000	100	5.329	lack Awareness inside The environment Iraqi importantly Application Accounting Judicial in Solution Disputes Finance .And the commercial
1.297	000	100	4.719	practically and non availability Employees qualified scientifically for work as accountants Judicial limit From .Application Accounting Judicial
1.436	000	100	5.170	no exist interest in Accommodation courses training specialist to qualify accountants judges and train them Around how to .t means corruption and fraud financialComba
1.653	000	100	5.857	lack interest From Before Universities Iraqi accounting Judicial .And the inserted within Curricula teaching in colleges

We note from the above table that the results of the test indicate that there are significant differences in the answers of the sample members to the obstacles if there is a clear difference in favor of each of the paragraphs of the axis of obstacles, where the amount of difference between the mean of the axis from the hypothetical mean was a positive amount, and this means that All the answers to this axis were towards agreeing to all these paragraphs and thus accepting the hypothesis that (there are obstacles that

limit the application of judicial accountability).

### Conclusions

Forensic accounting has an important role in revealing false financial statements related to taxable profits. Forensic accounting enhances the work of oversight institutions, particularly the Integrity Commission and external audit offices. Forensic accounting helps reduce creative accounting practices by identifying sources of misleading revenues, expenses and amounts disbursed through a post-

audit that helps in revealing the real revenues and their timing. Forensic accounting limits creative accounting practices by recognizing true revenue. The absence of standards, legal legislation and approved guidelines regulating the work of a chartered accountant. The lack of interest in the forensic accountant on the part of universities in the educational curricula.

### Recommendations

Attention should be paid to developing the moral and tax awareness of companies, considering that tax is the right of the state in the company's money. Forensic accounting should be adopted as a new profession within the field of accounting and work to establish an institute or a regulatory body to issue licenses and standards that guide the work of the forensic accountant. The necessity of conducting specialized seminars and training courses to qualify forensic accountants and train them on how to combat fraud and corruption. The forensic accountant should ascertain the appropriateness of the internal control system through the use of the legislative audit method, which helps in revealing the earnings management practices. Attention should be paid to the forensic accountant and the establishment of courses that enable him to practice his work and to have experience in the field of accounting, auditing, law and crimes so that he can work as an expert witness in court. Iraqi universities should add the vocabulary of forensic accounting in the vocabulary of the audit subject they are studying.

### References:

1. Adhikara, MF Arrozi.,(CREATIVE ACCOUNTING: Apakah Suatu Tindakan Ilegal), AKRUAL:

- Jurnal Akuntansi , ( 2).2 (2011): 109-135
2. Aksoy, T., & Uzay, S. (2021). Relationship between Fraud auditing and Forensic accounting. In *Auditing Ecosystem and Strategic Accounting in the Digital Era* (pp. 127-146). Springer, Cham .
3. Al-Abedi, T. K., Hasen, A. M., Mohaisen, H. A., & Flayyih, H. H. (2022). The Impact of Corporate Governance on Accounting Conservatism in the Financial Statements of Justice Shareholders: <https://doi.org/10.37178/ca-c.23.1.025>. *Central Asia and the Caucasus*, 23(1), 272-281.
4. Albizri, A., Appelbaum, D., & Rizzotto, N. (2019). Evaluation of financial statements fraud detection research: a multi-disciplinary analysis. *International Journal of Disclosure and Governance*, 16(4), 206-241.
5. Ali Shah, Syed Zulfiqar, Safdar A. Butt, and Dr Bin Tariq ,(Use or abuse of creative accounting techniques ),*International Journal of Trade, Economics and Finance*, Vol.( 2), No.(6) (2011(
6. Azadzadeh, Adeleh , (Analysis of the Necessity to Develop the Forensic Accounting in Iran), *Advances in Environmental Biology*, Vol.( 8), No.(19) (2014): 170-173
7. Basseyy, E. B., (Effect of forensic accounting on the management of fraud i microfinance institutions in Cross River State), *Journal of Economics and Finance*, Vol. ( 9),No.(4) (2018)
8. Biswas, Mahua, Hiremath, Kiran G, and Shalini R ,( Forensic Accounting in Indian Perspective) , The 5th International Conference on Financial Criminology (ICFC) “Global Trends in Financial Crimes in the New Economies , (2013.(

9. Blazek, R. (2021). Creative accounting as a global tool for tax optimization. In SHS Web of Conferences (Vol. 92). EDP Sciences
10. Blessing. Ijeoma, ( 2015 ) , (Empirical Analysis on the Use of Forensic Accounting Techniques in Curbing Creative Accounting), International Journal of Economics; commerce and Management; Vol.( 3), Issue( 1), ISSN 2348-0386.
11. Catalina ,Ciocan Claudia, (Creative Accounting And Fraud: A Comparative Approach), Management Strategies Journal ,Vol.(42),No.(4)(2018): 157-163
12. Dharmani, P., Das, S., & Prashar, S. (2021). A bibliometric analysis of creative industries: Current trends and future directions. Journal of Business Research, 135, 252-267
13. Dutta, Pranjal Pratim, (Forensic accounting in India: a new vibrant approach to prevent white collar crimes: an empirical study),(2018.(
14. Eko, E. N., Adebisi, Adesola Wasiu, and Moses, Eseneyen Jacob, (Evaluation of Forensic Accounting Techniques in Fraud Prevention/Detection in the Banking Sector in Nigeria), International Journal of Finance and Accounting ,Vol.( 9),No.(3) (2020): 56-66.
15. Elzain, E. O. (2021). Should Forensic Accounting Be Included in Curricula of Accounting Departments: The Case of Saudi Arabia. International Journal of Higher Education, 10(4), 258-267
16. Emmanuel ,Uniamikogbo, (Forensic audit and fraud detection and prevention in the Nigerian banking sector) , International Accounting and Taxation Research Group, Faculty of Management Sciences University of Benin, Benin City, Nigeria, (2019.(
17. Flayyih, H. H. (2015). Enhance financial reporting of companies to use economic value added. *Journal of Baghdad College of Economics*, 43, 379-408.
18. Flayyih, H. H. (2015). Evaluate the financial performance of the economic entities Using the economic value added An Empirical Study in State Company. In *Third Conference of the Federal Financial Control Bureau* (pp. 1-19).
19. Flayyih, H. H. (2016). Factors affecting of the audit quality And its role in enhancing dimensions that is quality. *Journal of the Accountant*, 23(46), 201-219.
20. Flayyih, H. H., (2016). The role of open budget in achieving of the transparency and responsibility and Reflect it on the administrative and financial corruption. *journal of Economics And Administrative Sciences*, 22(90).
21. Flayyih, H. H., Al-Mufraji, S. H., & Alhelle, M. H. (2019). Islamic Banks: Basic Concepts and Applied Cases.
22. Ikechukwu, O. E, John, N. U., Nkiruka, A.B., (Effect of Forensic Investigation Techniques in Detecting Occupational Fraud In The Public Sector: A Study Of Ministry Of Finance, Anambra State), International Journal of Innovative Finance and Economics Research, Vol.( 8), No.(1) (2020.(
23. M., Sousa, M., Silva, R., & Santos, T. (2021). Strategy and human resources management in non-profit organizations: Its interaction with open innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(1), 75.
24. Menicucci, E. (2020). Earnings quality and earnings management.



- In Earnings quality (pp. 53-82). Palgrave Pivot, Cham.
25. Mohammed, A. M. (2021). The Role Of Creative Accounting In Promoting Entrepreneurial E-Commerce For Companies. *Academy OF Entrepreneurship Journal*, 27(3), 1-10
  26. Okenwa, O. C. (2021). Effective Deploy Of Digital Forensic Techniques And The Sustenance Of Material Misstatement-Free Financial Reporting In Nigeria. *Journal Of Academic Research In Economics*, 13(3).
  27. OYIER ,Omondi, Erick,( The impact of forensic accounting services on fraud detection and prevention among Commercial Banks in Kenya), Diss. University of Nairobi,( 2013).
  28. OZCAN, Ahmet , (Analyzing the impact of forensic accounting on the detection of financial information manipulation) , *Manas Sosyal Arařtırmalar Dergisi*, Vol.( 8) ,No.(2) (2019): 1744-1760
  29. Salman, M. D., Mohammed, A. M. R. H., & Flayyih, H. H. (2021). Financial Safety Indicators under Financial Crises and their Impact on Banking Finance: An Applied Study in Iraqi Banks Indicadores de Seguridad Financiera Bajo Crisis Financieras y su Impacto en la Financiación Bancaria: Un Estudio aplicado en los Banc. 39 (November), 1–10.
  30. Shah, Syed Zulfiqar Ali, and Butt ,Safdar , (Creative accounting: A tool to help companies in a crisis or a practice to land them into Crises), *International Conference on Business and Economics Research*, Vol. (16)( 2011
  31. Shibli, Abdulhussain Tofeeq, Salih, Jalil Ibrahim and Abdul Rahman, Nahla Ghalib, (Importance of the Approach to Forensic Accounting in Reducing Financial Fraud: A Field Study on a Number of Auditing Offices and Judicial Courts Operating in Basra), *International Journal of Psychosocial Rehabilitation*, Vol.( 24), Issue( 07)( 2020)
  32. Smart, R., & Pacula, R. L. (2019). Early evidence of the impact of cannabis legalization on cannabis use, cannabis use disorder, and the use of other substances: findings from state policy evaluations. *The American journal of drug and alcohol abuse*, 45(6), 644-663 .
  33. Tapang, Arzizeh Tiesieh, and Ihendinihu, John Uzoma , (Effect of forensic accounting services on unethical practices in Nigerian banking industry) ,*The Journal of Accounting and Management*, Vol.( 10) , No.(1) (2020)