

The Contribution Of The Annual Accounts Certification Report To Improving The Financial Performance Of The Organization

Abid Adel Islem¹

Gouvernance Publique et Economic Social / Phd student/
university Abou Bekr Belkaid / adelislem.abid@univ-tlemcen.dz

Yelles Chaouche Fatima Zohra

Gouvernance Publique et Economic Social /Maitre de conférence A/
university Abou Bekr Belkaid / yellesfati@gmail.com

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Abstract:

The report on certifying the annual accounts by the accounting auditor and giving his opinion on the credibility of these accounts is of great importance to users of the financial statements, as he is considered the only guarantor of this feature. These accounts are also considered the main source of knowledge of the financial position as well as the true position of the institution.

The primary objective of this research paper is how the annual accounts approval report contributes to improving the financial performance of the institution. After the study, we concluded that following the auditor's recommendations, advice, and decisions has a positive effect on improving the quality of accounting and financial information and data, and thus reducing the chances of fraud and forgery. And the errors committed, which contribute to improving the financial performance of the institution.

Keywords: annual accounts, accounting auditor, financial performance.

Jel Classification Codes : M41, M42, G32

Introduction :

Auditing has witnessed continuous changes in keeping with accounting developments, as accounting is a system whose goal is to provide accounting data and information to be a starting point for the audit process, which undertakes the process of examining this information.

Accounting auditing represents a greater guarantee of the credibility of the outputs of the accounting information system, and this is in light of the external auditor's

¹ Corresponding Author

enjoyment of independence, competence, and impartiality in opinion, so the validity and accuracy of accounting information has become dependent on the extent to which the institution adopts auditing and the extent of the auditor's commitment to the theoretical foundations of this science and to the various standards that govern and organize it. Her professional practice. The auditor is considered both the agent and the guarantor of the integrity and legitimacy of the accounts and the veracity of the institution's final lists, through the examinations he conducts throughout the year on the documents and documents issued by the institution. He also helps it adopt control systems through which it monitors the good conduct of its activities and monitors the performance within it. This is in an effort by the institution to achieve effective and efficient performance to serve its purpose and objectives in accordance with a clear methodology and by following regular steps based on accepted and recognized auditing standards.

The problem of the study:

How does the accounting auditor's maintenance report contribute to improving financial performance and the truthfulness and legitimacy of the financial statements?

The following sub-questions fall under this problem:

- What is the extent of the accounting auditor's knowledge of audit tools and procedures and how and in what areas of their application?
- Does the accounting auditor's report have a role in improving the financial performance of the institution?

The following hypotheses were proposed:

- The accounting auditors applies auditing tools and procedures to get to know the institution and identify areas of risk and their levels.
- Discovering deviations and errors by the accounting auditor's improves the level of the organization's financial performance.
- The accounting auditors reliance on the necessary procedures for examining accounts and his reliance on a special approach that can facilitate the performance of his task

As for the Reasons for choosing the topic they were as follows:

- The reasons for choosing the topic are due to the following subjective and objective reasons:
- Personal interest in the auditing topic.
- Discussing the auditor's reports and their importance in the legitimacy of the financial statements as well as improving the financial performance of the institution.
- The topic is closely related to the specialty studied.
- The importance that auditing enjoys at the present time.
- Opening new horizons for research in the field of auditing in the future.

- Providing a scientific contribution that will be useful in future research.

This study seeks to achieve the following objectives:

- Knowing the accounting auditor's extent to which he enjoys independence and professional competence that enable him to express an impartial technical opinion.
- Highlighting the role played by the accounting auditors in discovering cases of fraud, error, and illegal behavior that affect confidence in the financial statements.
- Researching the consequences of the accounting auditor's rejection of the organization's financial statements.

The importance of the study lies in the fact that it addresses a topic that is considered one of the most important theoretical and practically tangible topics, and which is considered the topic of the hour in that it addresses the problem of the credibility of accounting information and the extent to which external audit contributes to improving financial performance and increasing efficiency in the institution in light of the current environment, which The external auditor's report has become a fundamental opinion on the organization.

1. Definition of auditing:

The concepts of auditing have varied from one researcher to another, from one author to another, and from one organization to another, to arrive at a comprehensive concept of auditing, which is represented in the following:

- 1.1. **The American Accounting Association** defined it as: "a systematic and objective process for obtaining and evaluating evidentiary evidence in relation to "With facts about economic facts and events in order to verify the degree of correspondence between those facts and specific standards and to communicate the results to information users interested in that verification.¹".
- 1.2. **Khaled Amin Abdullah** has come up with a comprehensive concept: that the audit process includes **examination, report, and investigation**.

The examination is intended to ensure the accuracy and soundness of the measurement of the operations that have been recorded, analyzed, and tabulated, that is, examining the arithmetic measurement of the financial operations related to the specific activity of the project. As for the **investigation**, it is intended to judge the validity of the final financial statements as a sound expression of the project's work for a specific financial period, as well as the indication of its financial position at the end of that period. Thus, **examination** and investigation are two interconnected

¹ احمد قايد نور الدين. (2015). التدقيق المحاسبي وفقا للمعايير الدولية (الإصدار الطبعة الاولى). عمان الاردن : دار الجنان للنشر و التوزيع .

functions intended to enable the auditor to express his opinion as to whether the measurement processes for financial transactions have led to proving a fair picture of the outcome of the project's work and its financial position. As for the report, it is intended to crystallize the results of the examination and investigation and prove them in a report submitted to those concerned within the project. And outside it, it is the conclusion of the audit process, during which the auditor states his neutral technical opinion on the financial statements as a whole in terms of their depiction of the project's financial position and a statement of its operations in a sound and fair manner. "¹.

2. Types of auditing:

There are many types of auditing depending on the angle from which the auditing process is viewed, but the performance levels that govern all types are the same. In general, auditing is classified according to different points of view, the most important of which we will mention as follows²:

2.1. Scope audit:

The scope audit is divided into two parts:

- **Full audit:**

In this type, the auditor examines entries, documents, and records with the aim of arriving at a neutral technical opinion about the validity of the financial statements. This audit is considered a complete and detailed audit when the projects whose accounts were audited were small in size and their operations were few in number. This has turned into a full experimental audit as a result of the development that has occurred in the world of business with the emergence of large industries and joint stock companies, where it has not become reasonable for the auditor to carry out all the operations and all the records and documents.

- **Partial auditing:**

Here the auditor's work is limited to some operations or items and not others, such as when he is entrusted with auditing warehouse inventory or workers' wages...etc. In this case, the auditor's work is limited to the topics assigned to him. In this case, it is best for the auditor to obtain a written contract that specifies the scope of his work and thus protect himself through the contract from any responsibilities attributed to him due to negligence or negligence in carrying out the audit process.

2.2. Audit in terms of the body that conducts the audit:

The audit is divided in terms of those conducting the audit into two parts:

- **External audit:** It is carried out by a neutral external person independent of the project management, as a result of the president's need for a report on

¹ خالد امين عبد الله. (2014). تدقيق الحسابات (الإصدار الطبعة الاولى). القاهرة ، مصر: الشركة العربية المتحدة للتسويق و التوريدات.
خالد امين عبد الله. (2014) ، مرجع سبق ذكره.²

the fair representation of the general budget. The company's financial position and the final accounts of its business results.

- **Internal audit:** This audit is carried out by an internal body or auditors affiliated with the facility, in order to protect its funds, and to achieve management objectives, such as achieving the greatest possible administrative efficiency and productivity for the project.

2.3. Auditing in terms of the obligation to conduct the audit process:

The audit in terms of obligation is divided into two parts:

- **Mandatory audit:** It is the audit that the law stipulates must be implemented by companies and is sometimes called a legal audit, and it is not correct for this to be Except for a full audit
- **Voluntary audit:** This is what the owners of the establishment request without a legal obligation to perform it.

3. Definition of the Accounting auditor according to Article 22 of Law 10/01:

Accounting auditor, in the meaning of this law, is every person who exercises, on a regular basis, in his own name and under his responsibility, the task of certifying the validity and regularity of the accounts of companies and bodies and their complete conformity in accordance with the provisions of the applicable legislation¹.

According to Article 715 bis 4 of the Commercial Code: The General Assembly of Shareholders appoints one or more accounts delegates for a period of three years, from among whom it chooses professionals registered in the National Bank. Their permanent mission, excluding any interference in management, is to investigate the company's books and securities and to monitor the regularity and correctness of the company's accounts. They also check the accuracy of the information provided in the report of the Board of Directors or the Board of Directors, as the case may be, and in the documents sent to shareholders about the company's financial position and accounts².

4. The tasks of the Accounting auditor

The duties of the Accounting auditor are specified in Articles 23 and 24 of Law 01/10 as follows³:

¹ القانون 01-10. (29 جوان, 2010). المادة 22 من القانون 01-10 المؤرخ في و المتعلق بمهنة الخبير المحاسب و محافظ الحسابات و المحاسب المعتمد المؤرخ في 2010/06/29 الموافق ل 11 جويلية 2010 . لجريدة الرسمية للجمهورية الجزائرية. العدد 42

² القانون التجاري الجزائري. (2007). نسخة محملة من موقع الجريدة الرسمية الجزائرية joradp.dz .

³ القانون 01-10، مرجع سبق ذكره .

- He certifies that the annual accounts are regular, correct, and fully consistent with the results of the previous year's operations, as well as the financial situation. And the properties of companies and bodies.
- Examines the accuracy of the annual accounts and their conformity with the information shown in the management report submitted by managers to shareholders, partners, or share holders.
- He expresses his opinion in the form of a special report on the internal control procedures approved by the Board of Directors and the Board of Directors or Director.
- He estimates the conditions for concluding agreements between the company he monitors and its affiliated institutions or bodies, or between institutions and bodies in which those responsible for managing or managing the company in question have direct or indirect interests.
- He informs the managers, the General Assembly, or the qualified deliberation body of any deficiency that he may discover or become aware of, and which is of a nature to hinder the continued exploitation of the institution or body.
- Approving the consolidated accounts or supported accounts in terms of their validity and regularity on the basis of accounting documents and the report of the accountants of the branches or entities affiliated with the same decision center.

According to Article 25 of Law 10/01, the auditor's task entails preparing:

- Certification report, with or without reservation, on the regularity and authenticity of the annual documents and the correct copy, or, when necessary, a justified refusal of certification.
- Approval report on supported accounts or merged accounts, and when necessary, a special report on regulating agreements.
- A special report on the details of the five highest compensations.
- A special report on the special privileges granted to users.
- A special report on the development of the results of the last five years and the results according to the share or according to the social share.
- A special report on internal control procedures.
- A special report if a potential threat to continued exploitation is observed.

5. Preparing the report:

After the auditor has verified the veracity of the information as well as the Accounting auditor presented by the company's managers, he must prepare a report and approve it with or without reservation on the regularity and validity of the financial statements as well as their correct copy, or when necessary, refuse approval

with justification. The report is considered a written document by him stating his neutral and independent opinion on the financial statements

In accordance with Article 3 of Decree 11/02 of May 26, 2011:¹

The Accounting auditor must prepare his report after completing the monitoring work, and this date cannot be earlier than the date of cessation of the annual accounts by the competent bodies.”

“The report must be prepared at least fifteen (15) days before the General Assembly is held.” Or the qualified trading body.”

The Accounting auditor also determines whether the annual accounts have been prepared in accordance with the accounting rules and principles stipulated in Law No. 07-11 of November 25, 2007, which includes the amended financial accounting system and the texts related to it.

The Accounting auditor opinion only applies to the accounts of the relevant fiscal year, even if it includes a reference to the number of the previous fiscal year for each department, as stipulated in Law No. 07-11 of November 25, 2007, which includes the financial accounting system.

According to the standard for expressing an opinion on the financial statements issued in the decision dated June 24, 2014, the Accounting auditor finds himself facing three situations²:

- **The first case: Opinion of acceptance Certification:**

The opinion of acceptance is expressed through the Accounting auditor approval of the regular and true financial statements in all their considered aspects, in accordance with the applicable accounting rules and principles. An identical picture of the financial position, the position of the liabilities and the entity's treasury is also presented at the end of the session. This opinion may be accompanied by notes and previews of a neutral nature addressed to the reader of the annual accounts.

- **The second case: An opinion Certification with reservations:**

The opinion is expressed with reservations or with reservations through the Accounting auditor reservations certifying the financial statements as regular and true in all their aspects considered in accordance with the accounting rules and principles in force, and an identical copy of the results of the previous year's operations is also presented. As well as the financial position and property of the entity at the end of this fiscal year. The auditor must clearly state, in a paragraph preceding the expression of opinion, the reservations expressed, while summing them up if possible, in order to highlight their impact on the result and financial position.

¹ المرسوم 02/11 المؤرخ في 26 ماي 2011.

² الجريدة الرسمية الجزائرية العدد 24 الصادرة في 30 افريل 2014.

- **Third case: Opinion of rejection Refus de Certification:**

The opinion of rejection is expressed through a clearly justified refusal by the auditor to approve the financial statements and that they were not prepared in all their considered aspects in accordance with the applicable accounting rules and principles. The auditor must clearly state in a paragraph before expressing the opinion the reservations that led him to reject the approval, with an estimate if possible, in order to highlight their impact on the result and financial position. The auditor is also obligated to submit other reports to the General Assembly so that the company members can know the condition of their company, and this is through special reports.

5.1. Special reports:

In addition to the general report, the Accounting auditor prepares his own reports, emphasizing some transactions that may carry with them harm to partners and shareholders, which makes him, as a professional, express his opinion on these transactions, and these transactions may be: agreements Concluded between the company and the managers, the shareholders' waiver of the preferential right to subscribe when raising the company's capital, a project to preserve the company's capital or transform and merge the company, operations related to various forms of transferred values.

6. Practical study at the Accounting auditor Office

. In order to delve deeper into the subject, work was done to link the theoretical side with the applied aspect, by traveling to the Accounting auditor Office, where communication was made with an the Accounting auditor, as well as an accounting and judicial expert, who agreed to participate with us in the external audit mission. And show us the report that was prepared regarding the approval of the annual accounts of the institution being audited, which is an institution specialized in printing, and thus we will be able to answer the problem raised in our study.

The following is a presentation of the general report to express the opinion of **at the Accounting auditor** of the printing company for the closed activity within the framework of the mission assigned to the office of **at the Accounting auditor** by the general assembly of the company, which is to audit the accounts for years N, N+1, and N+2. I present to you the accounting governor's report for the activity extending from 01 /01/N to 31/12/N.

Which contains:

- The general report for expressing opinion.
- Special reports. The financial statements were suspended on 12/31/N (the budget, the results accounts table, the treasury flows table, and the capital changes table).

We note that: Preparing the institution's annual financial statements falls upon the officials and this is in accordance with the stipulated accounting rules and principles. The annual accounts were closed on 12/31/N with –

- ✓ Estimated net assets and liabilities: 1 726 031 686 .49 DZD.
- ✓ Profit result estimated at: 41 546 522.96 DZD.

The auditing and examination operations it carried out were carried out in accordance with generally accepted account-keeping rules, which rely on sample control and other control procedures. In my opinion, the following reservations can be made:

6.1. The approach used to calculate wage entitlements during the years N-1 and N:

- Implementing wage increases according to the collective agreement comes into effect in July N, but the institution began implementing it from 01/01/N-1.

The collective agreement stipulates:

Providing benefits or promotions to employees, which are as follows:

- ✓ An increase in the base wage by 2%
- ✓ An increase in professional experience compensation (IEP) by 1.6% 2-
In order to know the differences in wages (i.e. between the new wages and the old wages) During the period extending from January N-1 to June N, the institution took a reference month (July N) and compared it to all months.

Note: For these reasons, this methodology cannot be taken into account for calculating the receivables stipulated in the sector agreement

- **The impact of the method used to calculate benefits on wages:**

In the year N-1: The application of this methodology led to a direct impact on social deductions of 5.6%, which is represented by:

- ✓ Applying 2% to the basic wage starting from 01/01/N-1.
- ✓ Apply 2% again at the beginning of year N, which is supposed to be applied until the end of the year (12/31/N).
- ✓ Applying 1.6% to the professional experience in the N-1 year instead of N. (The financial impact on the result is 3 078 973.07 DZD)

In year N:

- ✓ It was supposed to cancel the application of 2% applied to the base wage in N-1 and retain the 2% applied in N on the basis of correction. (The financial impact on the result is 565 904.13 DZD)
Therefore, wages in general also increased in value by 2% during the second semester of N, recording an impact on the accounting result. (The financial impact on the result is 620 214.88 DZD.)

6.2. Regarding the holidays granted:

Wage entitlements were calculated incorrectly for some employees who are on leave as follows: (Since the holidays are calculated on the basis of the period extending from 07/01/N-30/ 06/N)

- Employees who are on vacation during the first six months of N-1 are not concerned with applying these benefits because the granted vacation is specific to the N-3/N-2 period.
- Employees who are on vacation during the second semester of N-1 are also not concerned with applying these benefits because the vacation granted is specific to the N-3/N-1 period.
- Employees who are on vacation during the second semester of N are also not concerned with applying these benefits because the vacation granted is specific to the N-1/N period.

(i.e. the previously mentioned 5.6% during the N-1 period and 2% during the first 6 months of N)

Note: The impact of these granted privileges or promotions cannot be accurately determined except on the basis of a comprehensive review of the holiday calculations for each period

As for the provisions constituting the coverage of the second hexagram of the N for: holidays, the layoff grant for retirement, and the incentive grant, it also had an impact on the result due to the 2% being applied by mistake.

- For holidays during the period N-1/N: $1\,795\,799.50 \text{ DZD} \times 2\% = 35\,915.99 \text{ DZD}$.
- For supplies formed on the fault during the second hexagon of N: $689\,752.5 \times 2\% = 115\,053.791 \text{ DZD}$.
- Regarding the retirement grant for layoffs: $43\,642\,704.4 \times 2\% = 94\,092.84 \text{ DZD}$.
- Regarding the incentive grant: $18\,315\,018.32 \times 2\% = 366\,300.36 \text{ DZD}$.

6.3. The effect of applying the promotion or granted privileges:

The application of these privileges must be in accordance with the procedures stipulated in Article 35-52 of the sector agreement, which indicates how to benefit from these privileges and the date of their effectiveness. (2% as a benefit on the base wage and 1.6% on the professional experience grant granted after one year of work). However, within the organization, the adjustments were made as follows:

- Applying a rate of 0.6% as a promotion to the base wage, which is baseless and not stipulated from the date of each employee's appointment until 12/31/N-2, to which 2% is added starting from 01/01/N. -1. If we assume that this increase was estimated at 1,000 DZD per employee (which is naturally more than that), then the overall impact of this process is:

$1,000 \text{ DZD} \times 130 \text{ employees} \times 24 \text{ months} = 3\,120\,000 \text{ DZD}$

Note: It must be noted that these incorrect procedures and adjustments also affect grants that are calculated on the basis of the base wage and which are impossible to estimate except after examining all employee files for the period extending between N-1/N.

➤ **Impact on other accounts:**

- **Inventories abroad:** An amount of 157 161.60 DZD is recorded, which must be covered with special provisions due to its nature and age. (Storage period of more than 4 years)
- Calculating supplies on customers' accounts in TTC, which were supposed to be calculated in HT. **(The financial impact on the result is 921 468.98 DZD.)**

The effect on the result is that there is a debit adjustment balance for the tax on profits for the year N-6/N-7 that has not been balanced, which affects the result by 1 323 408.00 DZD. **(the Accounting auditor note N-1)** (The financial impact on the result is 1 323 408.00 DZD.)

- **Interest on treasury bonds:** Due to the lack of correspondence to confirm the amount of the debt to the treasury since year N-7, a provision must be created to cover the interest due for 7 years, which It indicates the application of a simple interest rate of 6% annually on the debt amounting to 80,000,000,00 DZD.
(80 000 000.00 x 6% x 7 years = 33 600 000.00 DZD)

The interest recorded in the N-1 budget amounts to: 10 373 536.37 DZD.

The remaining interest not registered in N: 33 600 000.00 - 10 373 536.37 = 23 226 463.63 DZD

- The file submitted by the institution's management to recover the TVA value-added fee on purchases, which amounts to **111 433 822.00 DZD**, has been completed. Cover it with provisions at 50% of the TVA value. The amount, estimated at **55 716 911.00 DZD**, is considered insufficient since the file was rejected by the Tax Administration and the institution's administration has been informed of this.

On the other hand, and out of respect for the conditions for calculating the IBS profit tax, these supplies must not be included among the costs that are allowed to be deducted.

➤ **Impact on IBS: 55 716 911.00 x 19% = 10 586 213.09 DZD**

- Failure to register the 2% tax on professional activity and apprenticeship, which is estimated at 3 537 088.99 and is calculated on the basis of the amount subject to income tax (IRG). (Note of Accounts Governor N-1)
- Recovering TVA on purchases in the amount of **5 380 813.73 DZD** and not including it in the N budget burden.

- Providing an amount of **1 463 000,00 DZD** in the form of a donation to employees, which was not included in the social services budget. (Note of the Accounting Auditor N-1)
 - **Impact on IBS: $1\,463\,000.00 \times 19\% = 277\,970.00$ DZD.**
- The absence of a cost report for preparing the internal procedures manual, which was submitted by a private body and estimated at 1 440 000,00 DZD outside of the drawing. Only 80% of the work was completed within N of 1 000 000,00 DZD.

6.4. Main observations:

Without any impact on the opinion referred to previously, we draw attention to the following observations that were obtained during the audit process:

- The annual and closed accounts on 12/31/N were made on the basis of the following principles:
 - ✓ The principle of independence.
 - ✓ The principle of continuity.

It has not been prepared in accordance with generally accepted accounting principles by the SCF financial accounting system and the rules and methods related to the preparation of company accounts as stipulated in Law No. 07-11 of November 25, 2007 regarding the accounting and financial system.

6.5. ASSETS :

The assets referred to in the financial statements were evaluated according to the SCF financial accounting system.

The useful period for assets is not respected every year, and this violates the laws of the SCF financial accounting system, especially Articles 121-4, 121-7, and 121-8.

- ✓ Comparing the physical inventory with accounting indicates that there is a positive difference related to unused equipment (a condition that must be settled)

6.6. Inventory:

- ✓ There are some purchases that were made through Wasel and therefore they lack legal status.
- ✓ The costs of keeping some purchases in the port, which are estimated at 327,642.67 DZD, must be included in the taxable base.

6.7. Purchases subject to the Public Procurement Law:

At this level, we note that the bid evaluation committee was choosing the bid with the high price and the reasons were as follows:

- ✓ Choosing the bid with the high price on the pretext that the bidder respects the distribution and delivery deadlines.
- ✓ Choosing the offer with the highest price on the pretext that the offerer is a producer compared to the other who buys and resells.

Note: It is noteworthy that the same person should not be appointed to meet with the different committees related to local procurement.

6.8. Other debit accounts:

425020	Apply for family grants.	4 200,00
444010	Tax on dividends paid	13 936 392,00
445003	TVA paid	111 433 822,00
445110	TVA recovered	1 622 208,06
445120	TVA refunded on purchases	8 674 340,55
445130	TVA Sum	2 822 375,00

Source: Case study documents

- ✓ The amount of 4 200 DZD for family grants must be settled.
- ✓ The TVA settlement file on purchases was assigned to an external office and submitted to the Tax Administration on the date of 01/19/N-3
- ✓ On the date of 05/06/N-1, the file was rejected by a decision of the Tax Administration due to the failure to explain the components of the taxable and exempt business number.

- ✓ 04/09/N-1 Re-listing the file at the tax administration level.

Note: It should be noted that the Tax Administration does not have any file for this process. However, it agrees to include a new file on the condition that the amount to be recovered is specified accurately.

As for the procedures taken by the institution for this operation, they are wrong (only 50% of supplies are created), which means that the amount must be covered completely, out of respect for the principle of caution.

- ✓ Failure to respect TVA recovery deadlines (impact on the internal system due to unmonitored statements by the concerned official).
- ✓ Due to the old foreign reserve, which amounts to 157 161.60 DZD, it must be allocated to the burdens account.

6.9. Non-current liabilities:

➤ **Bond loan amounting to 80 000 000 DZD:**

After examining the loan file, it was allowed to point out:

- Failure to respect the conditions for recovering interest on bonds obtained and verified by the public treasury. The conditions stipulate:
- Cancellation of interest estimated at 28 256 893.40 DZD on 12/31/N-9 in the event of recovery of the debt amounting to 80 000 000 DZD

- Cancellation of interest estimated at 28,256,893.40 DZD on 12/31/N- 9 In the event of recovering the debt amounting to 84 800 000 DZD within a time period estimated at 3 years.

Note: The institution did not respect the conditions provided by the treasury and did not pay the debt due at the end of N-5.

➤ **Suppliers:**

- There are some debts whose authenticity has not been confirmed through direct transmissions to suppliers.
- Invoice No. 134 carrying the amount of 60 393 062.20 DZD has been cancelled. Since the supplier canceled this process, the TVA amount must be refunded from the tax administration.
- Real estate taxes for the year N-1/N must be refunded in the income taxable base.

➤ **Other debts:**

Regarding other debts, we note:

- Lack of respect for implementing decisions regarding the privileges provided by the institution.
- The 0.6% increase in the base wage is baseless.
- Failure to respect the deadlines for implementing decisions.
- Calculating wage entitlements based on a reference month (July N).
- The responsibility grant was provided to two (2) employees who do not meet the conditions for obtaining it.

According to what the collective agreement indicates, it is presented to an official who is responsible for a certain number of employees with regard to monitoring and follow-up.

- Combining the permanent service grant (IFSP) and additional hours for 26 employees, which are not combined in the same job, according to the legal procedures stipulated in the sector agreement.
- Combining the grant provided for the use of the personal phone with the grant provided by the Foundation. On the other hand, some deficiencies and errors were noted in the holidays for the period 2011/N-1:
 - ✓ Giving a holiday by mistake to an employee with the same title as another employee.
 - ✓ Giving an employee early annual leave.
 - ✓ Approval to grant Aoun twice an annual vacation in the event of illness.
 - ✓ We also point out that the provisions to cover the annual vacation for the first six months of N were estimated on the basis of errors.
 - ✓ The same note for the incentive grant and layoffs for retirement.

➤ **Social Services Account:**

We note the presence of:

- Approval to transfer amounts from the institution's exploitation treasury to the Social Services Account:
- ✓ An amount of 1 000 000 DZD for the year N-1 and recovered from the Social Services Account in N
- ✓ 2 600 000 DZD transferred. On 09/30/N-1 and recovered at N.

Note: In the event that there is no liquidity in the social services account, the institution may not transfer amounts from the institution's treasury to the social services account because it is in violation of the laws that stipulate how to finance and manage social services.

The principles on which the audit was conducted: In the review and audit process, we relied on generally accepted principles and verified:

- The closing balances of the closed year were not changed when the new year's balances were opened.
- Applying generally accepted evaluation principles.
- Verifying account balances.
- The presence of sufficient information in the appendices to the financial statements.
- Ensure the reliability of the asset inventory

7. Technical opinion of the Accounting auditors and Results:

"Under the aforementioned observations and reservations, which I made in accordance with the applicable accounting standards and rules, I estimate that I can testify that the company's annual accounts, which were closed on 12/31/N, as presented in the pages of the report, are irregular and It is not truthful and does not give a faithful and true picture of the outcome of the activity's operations or the financial condition of the institution at the end of the activity."

Conclusion:

In light of the above, it became clear to us that **the Accounting auditors** contribution to the truthfulness and legitimacy of the financial statements is based on the standards and procedures for auditing and expressing his opinion transparently. **the Accounting auditors** submits a written report to the bodies supervising his appointment, which includes his opinion on the annual accounts that he audited.

This opinion would help improve financial performance and give an honest picture of the institution and the extent to which it applies the applicable accounting procedures and rules. Therefore, **the Accounting auditors** must disclose whether the financial statements contain fundamental errors, manipulation of the financial statements, or violations of the laws, which affect their credibility and cause harm to the users of the financial statements, since the audit seeks to discover errors and deviations and improve the financial performance of the institution.

Results of the study:

Through our research on the contribution of the accounting department's report to improving financial performance and the truthfulness and legitimacy of the financial statements, we reached a set of results, including:

- Theoretical results:
- The external audit aims to discover any errors, fraud, or forgery that may exist in the books and records.
- External audit has an important role in the credibility and reliability of information in the financial statements.
- The auditor's obtaining sufficient evidence is what helps him express his technical opinion.
- The annual accounts are not always approved. Rather, there are some cases in which the auditor is required to refuse approval due to transgressions or errors in the organization's annual accounts.
- Practical results:
- ✓ Due to the integrity of **the Accounting auditors**, the approval of the institution's accounts was refused, and the auditor also withdrew from the audit mission for the second term.
- ✓ Increasing workers' wages illegally and not relying on accounting principles in doing so, which led to the deterioration of the organization's financial position and a significant impact on the result.
- ✓ Management's negligence in acting on **the Accounting auditors** observations in previous years, which led to an impact on the year's result, which negatively affects the financial performance of the institution.
- ✓ Improving the financial performance of the institution depends on implementing the suggestions, recommendations, and decisions of the auditor. After the study, we concluded that following the auditor's recommendations, advice, and decisions has a positive effect on improving the quality of accounting and financial information and data, and thus reducing the chances of fraud, forgery, and errors. committed, which contributes to improving financial performance.
- ✓ **the Accounting auditors** discovered several errors and violations that led to him not approving the accounts.

Hypothesis testing:

- ✓ **The first hypothesis: the Accounting auditors** application of audit procedures is necessary, which makes it easier for him to perform his duties. (Correct hypothesis)
- ✓ **The second hypothesis:** Discovering deviations and errors on the part of **the Accounting auditors** improves the level of the institution's financial performance. (Correct hypothesis)

- ✓ **The third hypothesis:** The necessary procedures for examining accounts are what helps **the Accounting auditors** in expressing his technical opinion. (correct hypothesis)

Suggestions

- It is necessary to pay attention to the recommendations and suggestions that are included in the auditor's final report.
- Defining the responsibilities of **the Accounting auditors** precisely and making users aware of these responsibilities so that they can trust his opinion about the fairness and validity of these financial statements.
- The company manager must program and place an internal auditor at the company level in order to reduce the chances of errors in preparing the financial statements and contribute to improving the company's financial performance.

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