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THE ROLE OF JOINT REVIEW IN REDUCING NEGATIVE PROFIT MANAGEMENT PRACTICES IN JOINT STOCK COMPANIES, EGYPT

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ABSTRACT

The review profession has recently faced a number of challenges, especially after the financial meltdowns experienced by many giants such as Enron. This was followed by the fall of one of the five largest audit offices, Arthur Anderson, for alleged involvement in the company's financial manipulations due to negative profit management practices, which raised many questions about the auditor's independence, the quality of audit performance and the underperformance of its programmers. This prompted scientific and professional organizations to look for methods and mechanisms through which such practices could be restricted, and the joint review is one of the mechanisms proposed by the European Commission in its 2010 Green Paper report, "Review Policy: Lessons from Crises", with the aim of improving the quality of the audit and supporting the independence of auditors. The joint review is based on the review of two or more independent audit offices reviewing the audit client's financial statements, preparing a single audit report and are jointly responsible for the information contained in the audit report and for undetected material errors. The goal of the research was to measure the impact of the application of the joint review on profit management by application to a sample of companies listed on the Egyptian stock market during the period (2016-2017), using discretionary entitlements as an indicator reflecting the negative profit management practices in the companies in question.

Keywords: *Profit management, Shared review, Joint stock companies, Joint review.*

INTRODUCTION

The auditing profession has been subjected in the past few years to many criticisms due to the occurrence of major financial crises and the spread of failures and the collapse of many large and giant companies, most notably Enron in 2001 followed by the fall of one of the five largest audit offices in the world, Arthur Andersen, for his involvement in the financial problems suffered by companies, which led to a lack of confidence in the audit profession in general and the accounting and audit offices in particular.
The authors agreed on the reasons that led to these financial crises, the most important of which were: poor accounting disclosure, the lack of specific accounting standards governing the requirements of transparency and accounting disclosure, as well as the tendency of companies to boot income, profit management and other practices called 'profit management', which is

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known as 'the process in which accountants use their accounting skills and knowledge legally to manipulate the figures in the financial statements of companies to achieve the interests of a particular group at the expense of other stakeholders' (Azibi & Velte, 2015; Velte, 2017; Ghanbari & Davoudi, 2018; Mohseny *et al.*, 2019), thus, the practice of profit management methods is not contrary to accounting standards due to the flexibility permitted by those standards and the problem with such practices is not so much about the way data are processed as much as it relates to their impact and disclosure in financial statements (Bezpalov *et al.*, 2020). Although achieving a fair offer in financial statements rests with the management and governance officials of the company, the external auditor has the task of preventing and restricting negative practices of accounting profit management by acting as a deterrent or defining of such practices, through the performance of audit work through professional due diligence and adherence to the standards accepted with the practice of a level of professional doubt (Teymouri & Sadeghi, 2020).

Accounting thought has been concerned with strengthening the role of the auditor to counter negative profit management practices, but it is noted that these practices are constantly increasing so far, as a result of the inadequacy of individual external audit procedures, the low quality of the audit process, and the weak independence of the auditor, which has created particular importance for the development of external audit methods to counter negative profit management practices.

The joint review emerged as one of the mechanisms proposed by the European Commission in its 2010 Green paper, Review Policy: Lessons from Crises, which aims to improve the quality of the review, restore confidence in financial reports and reduce the concentration of the review services market.

The joint audit process is carried out by two (or more) independent accounting and audit offices, regardless of the size of the audit offices, reviewing the client's financial statements, conducting mutual oversight, issuing a consolidated audit report they sign together and are jointly responsible for the information contained in the audit report and for undetected errors (Bisogno & De luca, 2016; Velte, 2017; Hussein, 2019; Li, 2020). The joint review is implemented in many countries, including Egypt, where the mandatory and optional application is combined.

Opinions differed on the impact of the joint review on profit management in general as a form of creative accounting practices, with a series of studies (Lesage *et al.*, 2012; Al-Deisti, 2014; Mandwr, 2016) finding a positive impact on the joint review on profit management through discretionary entitlements, and in contrast, a series of other studies found no negative impact on the management of profits (ICPAS, 2012).

Opinions on the impact of a mutual review difference on profit management also varied, with the study of Nabila, 2018, finding a decrease in discretionary entitlements in companies being reviewed jointly by two of the four major audit offices, while the study of (Lobo, *et al.*, 2015; Holm & Thinggaard, 2018) The performance of the joint audit by two auditors, one of which belongs to the four major audit offices and the other leads to a decrease in discretionary entitlements and consequently a decrease in profit management practices, however, the study of Hussein, 2019 and Diana, 2020 found no effect of the difference of the combination of joint audit on profit management and confidence in the financial report.

In the light of the above, the research problem can be summarized in 'the lack of clarity of the effect of applying the joint review on profit management practices, as well as the lack of clarity on the impact of the mutual review difference on negative profit management accounting practices'.

Two questions emerge from this research problem:

1. What is the impact of applying the joint review on negative profit management practices?
2. What is the impact of a mutual review difference on negative profit management practices?

To answer the research questions, the two research assumptions were formulated in the form of 'no-nosi' as follows:

1. There is no moral impact of a joint review on negative profit management practices.
2. There is no moral effect of the difference between the two joint reviews on negative profit management practices.

The Purpose of the Research

The research aims to measure the impact of the application of the joint review on profit management, and the main objective of the research is a set of sub-objectives such as:

1. Determining the nature of profit management and methods of exercise.
2. Learn about the joint review and the entrances to its application, and the reality of its practice in Egypt.
3. Measuring the impact of the application of the optional joint review on negative profit management practices.

The Importance of Research

The importance of the research is due to the following:

1. The research derives its importance from the lack of writings that dealt with this topic, especially at the local level, in addition to keeping pace with the current interests of professional organizations, and the importance of the topic that it addresses, where profit management practices are considered one of the most important causes that led to many scandals and collapses in recent times.
2. Highlighting the advantages of joint review and the entry points of its application, which leads to pushing companies to apply them and support ing confidence in their profits and published financial reports.

MATERIALS AND METHODS

The research is based on a combination of the following two approaches:

1. The inductive approach: by extrapolating the studies dealt with by the accounting literature in the field of joint review and profit management, and analyzing and training them with the aim of building the theoretical aspect of research.
2. The inference: by inferring the relationship between joint review and profit management practices through a test of the research assumptions.

Research Limits

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It is beyond the scope of the research to examine the impact of the application of mandatory joint external review on negative profit management practices, as well as from the scope of research in practice those companies that are reviewed jointly and unrestricted in the Egyptian stock market.

Search Plan

The first axis: the nature of profit management.
The second axis: joint review and the entry points for its application.
The third axis: analysis of the relationship between the joint review and profit management.
The fourth is to measure the impact of the application of the joint review on negative profit management practices.

The first axis: The nature of profit management:
The management of some companies exercises a profit management policy to achieve a number of objectives such as reaching the expected profit level before it is announced, to avoid announcing losses, or to obtain certain benefits associated with high profits such as bonuses and commissions (Marnet *et al.*, 2018)
Profit management is defined as deliberate interference by management in the financial reporting process with a view to achieving some special gains (Tijani, 2012; Diana, 2020), and GAAP allows the company's management to exercise personal judgment during the financial reporting process necessary to communicate information about the company's performance to third parties. Thus, profit management will occur when management uses its power to use personal discretion during the financial reporting process to influence the declared profit figure. (Ismail, 2015, Khoo *et al.*, 2020) Profit number manipulations have been named after many names such as: income booting, profit management, and artificial adaptation of profits.

The previous definition of profit management shows that it is based on a set of characteristics and components as follows:

1. Profit management practices are a form of deliberate manipulation of accounting information.
2. Profit management depends on the flexibility permitted by standard accounting standards and policies to achieve the interests of a particular group at the expense of other interest groups.
3. Profit management practices can be viewed on two sides:
   - **Positive practices:** Finding crisis-time solutions through innovation and development is the use of accounting policies and helping to make sound economic decisions.
   - **Negative practices:** the opportunity to manipulate accounting figures by the financial statement suprepances to hide the reality of the company's events, and the resulting benefits for a certain category of users at the expense of others.

Management's motives in its profit management practice are based on two main pillars: the first to show the current year's profits in a high number at the expense of past years and future years, and the second to show the current year's profits in a low figure for the past years and future years (Ali, 2015) and both cases are aimed at misleading some stakeholders about the company's

real economic performance or to influence contracts based on declared accounting numbers, the most important of which is the number of profits announced (Hussein, 2019).
Profits can be managed in many ways, the most important of which are:

1. Manipulation of accounting receivables accounts, and as a result will create accounts representing the company's dues to third parties or dues to third parties as a result of the period of recognition of certain revenues and expenses and their registration in the accounting books from the period of the collection of those revenues or payment of those expenses in cash form (Alzoubi, 2016; Widarti & Pramajaya 2018).
2. Disclosure profit management methods: Includes off-budget financing, accounting changes in either accounting policies or accounting estimates or a change in the legal form of the accounting unit (Abozaid *et al.*, 2020).
3. Profit management methods in estimation: include the policy of capitalization of revenue expenses and vice versa, changing the methods of calculating the consumption of fixed assets, depreciation of fame and trademarks, and methods of assessing commodity inventory, with a view to controlling profit fluctuations.

In the light of the above, the researcher concluded that negative profit management practices can be carried out in different ways, the most common of which is the manipulation of the timing of recognition of revenues and expenses (benefits), despite the existence of accepted accounting principles and standards that provide accounting guidelines for those benefits, but the flexibility permitted by accounting principles and standards has given management the freedom to dispose of those benefits to influence the profit figure, so it can be said that negative profit management practices can distort Accounting figures contained in financial reports issued by companies.

Although achieving the neutral supply of financial statements rests with the management of the company (The General Authority for Financial Supervision, 2008, Egyptian Audit Standard No. (500), the auditor can play a positive and effective role in preventing and restricting profit management practices by acting as a deterrent or defining of such practices, by performing audit work under a reasonable level of professional doubt.
As a result, the scientific and professional bodies in the field of audit have been keen to strengthen the role of the auditor in detecting negative practices of accounting profit management, where professional audit standards require that the auditor communicate with the audit committee, and discuss with them the quality of the application of accounting standards by the client and not just the reasonableness of their application, in order to verify the fairness of the presentation of financial statements, and that they reflect the operational results and the real economic conditions of the client company (Nabila, 2018).
However, the recent challenges to the audit profession, particularly after the financial meltdowns of many giant companies such as Enron, followed by the fall of one of the five largest audit offices, Arthur Anderson, for his involvement in the company's financial manipulations due to profit management methods, raised many questions about the auditor's independence, quality audit performance, and inadequate programming, resulting in a lack of confidence in the audit profession and the resulting reporting.
In light of the above, the researcher concluded that although the auditor is keen to exert due professional care to avoid exposure to the risk of hearing loss and litigation and his interest in detecting and reducing negative profit management practices, these practices are increasing to

date due to the lack of independence of the auditors, especially in the absence of legislation preventing the auditor from accepting the provision of services other than the audit to the same audit client, in addition to the inability of the auditor to exercise an appropriate level of professions in the case of the application of individual audit, the reliance on personal appreciation and sample method remained when performing the audit work.

The second axis: joint review and the entry points for its application:
The joint review is one of the entry points of the external review, beginning in the 1920s, which has been applied in Canada compulsorily since 1923, and then applied optionally beginning in 1991, and has been applied compulsorily in French companies since 1966 (Ratzinger-Sakel *et al.*, 2013). In some Arab countries, including Egypt, some sectors have been applied voluntarily to others (Al-Jabr & Al-Saadoun, 2014), and the following is a presentation of the concept of joint review and the reality of its exercise optionally in Egypt.

The Concept of Joint Review

There are many definitions that dealt with the concept of joint review, all of which were about considering the joint review, including two (or more) independent audit offices reviewing the client's financial statements and adhering to the mutual control mechanism, issuing a consolidated audit report they sign together and are jointly responsible for the information contained in the review report and for undetected errors (European Commission, 2011; Alanezi *et al.*, 2012; Haridi, 2015; AL-Hadi *et al.*, 2017; Velte, 2017; Ibrahim, 2018; Hussein, 2019; Nurunnabi *et al.*, 2020, Biehl *et al.*, 2021).

It is clear from the previous definition of the joint review that it depends on a set of characteristics that distinguish it from the individual review, which are the following:

1. Participation between two (or more) independent auditors.
2. Solidarity responsibility for the information contained in the audit report, and for undiscovered errors.
3. The application of the mechanism of mutual control.
4. Holding brainstorming sessions.
5. Prepare a single review report.

The joint audit is characterized by improving the quality of the audit because it contributes to strengthening the independence of auditors (Lobo *et al.*, 2015; Mandal & Mondal, 2020). It avoids the problem of adhering to the regulatory change rule because it maintains the expertise gained by the auditor in the field of client activity, and helps to reduce the problem of concentration of the audit services market in the hands of the big four audit firms and encourage SMEs to expand and (Andre *et al.*, 2016). The joint review is applied in a mandatory and voluntary manner, and the mandatory joint review is meant: the application of joint review in companies is carried out by the law regulating these companies, or as a prerequisite for their continued activity, thus giving this entry legitimacy, independence and greater authority to the reviewers, which supports the efficient functioning of their duties, although the implementation of the joint review under this portal may be merely a meeting of the form.
The optional joint review is intended to apply the joint review with no legal obligation to do so, and the choice is left to the company to determine the extent to which it needs to be implemented

so that the more it is able to choose the application of the joint review, the more effective the reviewers perform their tasks and actions (Hussein, 2019).

Optional Joint Review in Egypt

The joint review in Egypt is optionally applied to both joint stock companies and specialized companies:

1. Joint stock companies: In accordance with the provisions of article (103) of the Companies Act No. (159) of 1981, the joint stock company shall have one or more auditors, who meet the conditions stipulated in the Law on the Practice of Accounting and Auditing, appointed by the General Assembly and determines its fees, and in The case of multiple observers shall be responsible in solidarity, except that the founders of the company appoint the first observer" (Law No. 159 of 1981), and article (265) of the Executive Regulations of Law No. 159 of 1981 states that 'in the case of multiple auditors, Each of them may access the company's books, request data and clarifications, and achieve assets and obligations individually, however, all auditors must submit a consolidated report, and in case of difference between them, the report must clarify the differences and their respective points of view.'
2. Companies of specialization: In accordance with article 18 of the Board of Directors of the General Authority for Financial Supervision No. 72 of 2013 on the regulation and regulation of the activity of the specialization, the company 'has one or more audits, which shall be audited in accordance with Egyptian audit standards, and must be among those registered with the General Authority for Financial Supervision in the register prepared for this purpose" (The General Authority for Financial Supervision, 2013, Resolution No. 72).

The third axis: analysis of the relationship between the joint review and profit management.

The accounting thought tended to study the relationship between the joint review and profit management in two directions that are addressed as follows:

Direction 1: The impact of the joint review on profit management practices: A study found that companies with significant information asymmetry tend to appoint at least one of the major audit companies when conducting the review in accordance with the joint audit input, as well as a positive moral relationship between the quality of profits and the review mix of one major review company and the other.

The study (Nabila, 2018) found that there was no statistically significant relationship between extraordinary benefits and joint review in the three countries, despite the different application entries in those countries, indicating that profit management in Denmark is no different from those practiced in France and Germany, which means that the joint review portal does not have the capacity to limit profit management practices.

The results of the study (Lobo *et al.*, 2015; Bianchi, 2018; Nourbakhsh, 2020) showed that the use of two auditors to conduct audit work was positively associated with higher profit quality as well as higher audit fees, lower financial statements, lower expenses, and timely recognition of economic losses.

The study (Al-Deisti, 2014) found that there were no moral differences in the quality of the review between the use of joint audit services by Egyptian joint auditing companies and their use of individual audit services.

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In the same vein, the study of (Al-Jabr & Al-Saadoun, 2014; Alfraih, 2016; Bisogno & De Luca, 2016; Barghathi, 2020; Faris *et al*., 2020), found no moral impact on the quality of accounting profits in companies listed on the KSA,UAE and Iraq Stock Exchange, while the second study found a strong positive relationship between the joint review system and the quality of profits, and the study showed that the application of the joint review helps to provide highly reliable financial statements while ensuring that profit management practices are restricted.

The study (Mandowr, 2016) demonstrated a positive moral impact of the joint audit input on profit management through optional benefits compared to the individual audit input, which means that the optional application of the joint review input gives the opportunity to manage profits through discretionary benefits.

The study (Mahmoud, 2017) found a negative moral relationship between the application of the joint profit management audit, which indicates a decrease in profit management practices under the application of the joint review, which reflects positively on the quality of profits in the company.

In light of the above, there are differing opinions on the effect of applying the joint review on profit management, so the first assumption of the research can be derived as follows:

'There is no positive moral impact of the joint review on negative profit management practices.'

Second direction: The impact of a mutual review difference on negative profit management practices:

The study confirmed (Ittonen & Tronnes, 2015) that the application of the joint audit through the participation of two auditors belonging to the four major audit offices leads to a decrease in extraordinary benefits, which is an indicator of the limitation of profit management practices, and supports confidence in financial reports,

In contrast, the study confirms (Saleh, 2015; Ibrahim, 2018) that the participation and cooperation between two auditors belong to the major audit offices, and the other belongs to smaller audit offices, restricting profit management practices, prompting the client company to adopt more conservative accounting policies and practices, and increasing the level and quality of profits. Nevertheless, the study of (Ali, 2015; Bisogno & De luca, 2016) demonstrates that there is no moral impact of the difference in the combination of joint review on profit management.

In light of the above, the second hypothesis of the research can be derived and formulated as follows:

'There is no moral effect of a mutual lycée difference on negative profit management practices.'

From this point of view, the researcher seeks to make an attempt to identify the impact of the optional joint review on profit management practices in the Egyptian professional practice environment, in order to determine whether the optional joint review positively affects profit management practices or not? Whether a mutual review binary difference has an impact on negative profit management practices or not? This will be addressed in the next part of the research.

Fourth: Measuring the impact of the application of the optional joint review on profit management practices:

Field Study Methodology

The methodology of the field study is based on the identification of research variables, the study community and sample research, and the statistical methods used in calculating descriptive statistics and data analysis, so that the current part of the research will address the presentation of the methodology of the field study according to the following:

Search Variables

The research is based on a joint review and the difference of the joint review binary as independent variables, profit management as a dependent variable and a set of regulatory variables such as company size, leverage rate, rate of return on assets, and rate of return on sales, these variables were defined and measured as follows:

Joint Review

The joint review means that two (or more) independent audit offices participate in audits of the audit client's financial statements, prepare one audit report they sign together and are jointly responsible for the information contained in the report and for undiscovered errors.

This variable is measured by the use of a binary variable that takes value (1) if the audited company applies the optional joint review, and the value (zero) if the audited company applies types other than the joint review.

Common Review Binary Difference

The difference between the two mutual audit offices or audit offices assigned to perform the joint audit process is measured using a value-taking binary variable (1) if the company applies the joint audit through a combination of auditors from the four largest audit companies, or by a combination of auditors from other audit firms or offices other than the four largest audit firms, or through a combination of auditors from the four largest audit companies, and the other, The value is (zero) otherwise.

Profit Management

The variable profit management represents the research, which means the process by which the company's management deliberately interferes with the manipulation of the figures in the financial statements of companies, and this variable is measured by the modified Jones model, where it relies on extraordinary entitlements as a deputy for negative profit management practices, and extraordinary entitlements are measured by the modified Jones model through the following steps:

Step 1: Measure the total merits of each research sample company through the following equation:

$$TA_{i,t} = Ni_{i,t} - OCF_{i,t} \quad (1)$$

Where:

$TA_{i,t}$: Refers to the total maturities of the company i in the year t.

$Ni_{i,t}$: Refers to the net income of the company i per year t.

$OCF_{i,t}$: Refers to net cash flow resulting from i's operating activity in the t year.

Step 2: Estimate the model parameters for each sample company through the following equation:

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$$TA_{i,t} / Ai_{,t-1}=\alpha_1(1/A_{i,t})+\alpha_2(\Delta\ REV_{i,t}-\Delta\ REC_{i,t})/Ai_{,t-1}+\alpha_3 PPE_{i,t}/A_{i,t-1}+\acute{\varepsilon}_{i,t} \quad (2)$$

TAi,t: Refers to the total merits of the company i in the year t.
REVi,t: Indicates the difference between net income in i year t and year-1.t
RECi,t: Refers to the fixed assets that are depreciated by i in the t year.
Ai,t-1: Refers to the total assets of the company i and in the year t-1.
α1, α2, α3: refers to the model parameters for each company.
Oi,t: Represents the form protector, which refers to unusual entitlements that reflect profit management practices.

Step 3: Calculation of extraordinary entitlements (DA) for each year of study in the light of the following equation:

$$Da_{i,t}= TA_{i,t}/A_{i,t}-[\alpha_1(1/A_{i,t})+\alpha_2(\Delta\ REV_{i,t}-\Delta\ REC_{i,t})/Ai_{,t-1}+\alpha_3 PPE_{i,t}/A_{i,t-1}] \quad (3)$$

Control Variables

1. **Size:** The company's total volume is meant to be its total arrival, and this variable is measured by creating a total asset sized for each company during the years of study.
2. **Leverage leverage ratio:** Leverage means the company's ability to meet its long-term obligations and the extent to which it relies on third-party funds to finance its needs, and it has been measured by the ratio of total commitments to total arrivals.
3. **RoA:** Reflects the company's ability to invest its assets and is measured by a net profit ratio before tax to the total assets of each company during the years of study.
4. **Sales rate:** The rest of the sales are expressed as net profit distributable, measured by the ratio of net profit before tax to net sales.

Community and Sample Research

The study community consists of companies listed in the Egyptian stock market and restricted in EGX index during the period (2016-2017), the sample of the study reached 30 companies, including 13 companies implementing the optional joint review, and 17 companies applying the individual review, thus the number of views reached 30×3 = 90 views.

Methods of Statistical Analysis of Data

Descriptive statistical measures: the arithmetic average and the standard deviation.

Multiple Regression Analysis: to determine the impact of the application of the optional joint review on profit management practices, and the impact of a mutual review difference on negative profit management practices.
Search model:

$$Da_{i,t} = \beta_0+ \beta_1\ Joint\ A+ \beta_2\ Size+ \beta_3\ Leverage+ \beta_4\ ROA+ \beta_5\ ROS+ \mathcal{E}_t \quad (4)$$

Where:
DA: Expresses extraordinary entitlements.
Joint A: Expresses a joint review.
Size: Reflects the size of the company.

Leverage: Reflects the leverage rate.
ROA: Reflects the rate of return on assets.
ROS: Reflects the rate of return on sales.
Second: Tests of research assignments:

To test the impact of both the application of the joint review and the difference between the joint audit on profit management practices, the meta statistics of the research variables and the analysis of the results of the multi-slope model of the study's impositions are calculated as follows:

Results of Meta Statistics of Search Variables

The average and standard deviation of search variables are calculated as shown in **Table 1**:

Table 1. Results of descriptive statistical analysis of research variables.

Total sample		Individual review sample		Shared review sample		Variables
Standard deviation	Average	Standard deviation	Average	Standard deviation	Average	
0.3	0.2	0.2	0.23	0.30	0.32	The government's ability to provide as much as a pension to the
0.8	8.9	0.96	8.8	0.7	9.03	The size of the company under review
0.17	0.4	0.2	0.41	0.13	0.36	Leverage ratio
0.06	0.05	0.07	0.05	0.051	0.06	Rate of return on assets
0.3	0.2	0.3	0.2	0.08	0.16	Rate of return on sales

The above table shows:

1. The average size of companies being reviewed jointly was higher than the average size of the companies being reviewed individually, which means that the larger the company under review, the more the company tends to increase the demand for joint audit services.
2. The average leverage rate for companies reviewed using joint audit is lower than the average leverage rate in companies that are reviewed individually, meaning that companies whose financial listings are reviewed have a lower credit rating than those that are reviewed individually.
3. The average rate of return on assets in companies reviewed through the joint review is higher than that reviewed through individual review.
4. The average rate of return on sales in companies reviewed through the joint review is lower than that reviewed through individual review.
5. There is a difference in the standard deviation of the independent variables represented by the size of the company under review, the rate of leverage and the rate of return on assets, and the rate of return on sales in both companies being reviewed jointly and those being reviewed individually, which means that there is no symmetry in the different values of independent variables in the two groups of companies.

Results of the Multi-Linear Slope Model for the First Hypothesis Test

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The results of the operation of the multilinear slope model showed the results **Table 2**.

Table 2. Results of the multiple linear regression model for the first hypothesis test

Impact of joint audit implementation on negative profit management practices		Form
P. Value	**Std. Coefficients**	
.332		Constant
.528	.167	Joint A
.723	-.040-	Size
.163	-.310-	Leve
.472	.114	ROA
.126	.354	ROS
.45		R^2
.032		Adjusted R^2
.321[a]		*P. Value For the model*
0.24		Std. Error

(Source: Prepared by the researcher based on the results of the statistical analysis, research supplements)

The previous table shows:

1. The standard error value (0.24) is close to zero, which means that the high predictability of the model as a whole.
2. P. Value for the model (0.321a) means the model as a whole is not moral
3. The value of (0.45) (R2) means that the change in both the joint review and the size of the company under review, the rate of leverage, the rate of return on assets and the rate of return on sales explains 45% of the change in profit management practices.
4. The value of P-value for both the joint review and the size of the company under review, the leverage ratio, the rate of return on assets and the rate of return on sales (0.332, 0.528, 0.723, 0.163, 0.472, 0.126) all larger than (0.05) This means that there is no moral effect of a joint review on extraordinary entitlements, and therefore the application of a joint external review does not restrict negative profit management accounting practices compared to individual audit, thus accepting the imposition of 'no moral effect' for the optional joint review on negative profit management practices.'

Results of the Multi-Linear Slope Model for the Second Hypothesis Test

Regression model parameters were run to check whether a mutual review binary difference affected negative profit management practices and the results of the model were as described in **Table 3**.

Table 3. Results of the second imposition test

Impact of the extent to which the joint review couple disagreed on negative profit management practices			Form
P-value	**Std. Coefficients**	**VIF**	
0.000			Constant

0.553	-0.03	2.438	JA (BIG4-BIG4)
0.083	0.335-	1.05	JA (NonBIG4-NonBIG4)
0.962	0.033	2.520	JA (BIG4-NonBIG4)
	0.34		R^2
		0,025	Adjusted R^2
		0.187	P. Value for model
		0.23	Std. Error

(Source: Prepared by the researcher based on the results of the statistical analysis, research supplements)

Analyzing the previous table, the P. Value of the regression model (0.187) was found to be greater than (0.05), indicating that the model as a whole was not morally at a moral level (5%), and p-value for each mix of auditors belonging to the four largest audit offices The combination of auditors from other audit offices other than the big four, and the mix of auditors, one of which belongs to the big four audit offices and the other belonging to the other (0.553), (0.083), and (0.962), respectively, This indicates that there is no moral effect of a mutual review difference on profit management.

The standard error value of the model (0.23) was found to be close to zero, indicating a high predictive capacity for the model as a whole, while the explanatory capacity of the R2 model (0.34), which meant that the change in the common review binary explains (34%) The change in discretionary benefits, as well as the value of the adjusted selection factor (0.025), which means that there is no moral difference in discretionary entitlements between each of the audit couples of the auditors of the big four audit offices (big4*big4) and The two-way issue of auditors belonging to other audit offices other than the Big4 * NonBig4, and the two-two-two-way auditors, one of which belongs to the big four* NonBig4.

RESULTS AND DISCUSSION

1. Joint audit is one of the external audit entries that is carried out by participating between two or more auditors and preparing a single audit report, and the audit is applied mandatorily and optionally as it is done through a combination of two or more auditors from major audit offices, or a combination of other audit firms other than the four largest audit offices or a combination of one belonging to the major audit offices and the other from other offices.
2. Joint external audit aims to support audit independence and maintain the professional knowledge and experience of the auditor, as well as to support confidence in financial reports and improve the quality of the audit.
3. Researchers' views differed on the impact of both the application of the joint review and the impact of the mutual review difference on negative profit management practices.
4. The results of the statistical analysis of the first hypothesis proved that there was no moral effect of the optional joint review on profit management practices and therefore the imposition of non-profit was accepted, indicating the inability of the optional joint external review to restrict negative profit management practices and therefore the imposition of 'no moral impact of the joint review on negative profit management practices' was accepted.

5. The results of the statistical analysis of the second hypothesis proved that there is no positive and moral effect of the difference between the mutual review binary on the discretionary merits and this means that the difference between the two joint audit does not lead to the restriction of negative profit management practices and therefore the imposition of non-existence was accepted as 'there is no effect of a mutual binary difference of review on negative profit management practices.

   In light of the objectives of the research and its results, the researcher recommends the need to look for tools and methods through which the functional role can be strengthened for joint review in the Egyptian professional practice environment.

Proposed Areas of Research

In light of the research findings, the researcher considers the need for future research in the most important topics:

1. The role of mutual control in the development of joint review programs in the Egyptian professional practice environment.
2. The impact of the difference of the degree of obligation to apply the joint review on the quality of disclosure applied to companies listed on the Egyptian stock market.

CONCLUSION

There is a more positive and moral impact of joint audit on the confidence of financial reports than on individual audits. This means that the application of joint audit contributes to improving the independence of auditors and reducing the risk of collusion with the auditing client. It helps to improve the quality of audit and confidence in corporate profits as indicators of the contribution of joint audit to supporting confidence in reports

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