

Audit syariah

[Business, Accounting](#)



Tiffany Tiffeny Edmund 62288211087 Audit 1 Audit Syariah Definition Audit is a process to investigate and verify an account, while Syariah is the rule of Islam (Hukum Islam). Therefore, Audit Syariah is the process to analyse, check, investigate and to make sure the operation and the management of Islamic Financial Institution (IFI) is accordance to the principal and the Syariah's guidelines, mainly for the production of a product.

Syarikah al-Rajhi al-Masrafiyyah LiL Istismar has define the Audit Syariah as “ parties to determine the extent of Syariah compliant IFI based on decision made by the Syariah Advisory Council (SAC)” Objectives * Is there any specific mechanism to ensure the implement decision of SAC based on the Muamalat Islam? * How the implement of contracts, requirements, and operation being monitored by the IFI? The importance of Syariah compliance is to mitigate the operational risk of IFI and to strengthen the internal control of Islamic Banking system.

Operation risks arise out because offailurein internal controls relating to processed, people, systems, or external event. The syariah non-compliance significant with this risk, which may result in voiding of contracts, loss of income, withdrawals, diminishes reputation and reduction in business. So, key challenge in managing operational risk in Islamic banking is by ensuring syariah compliance. Therefore, it is important to have syariah auditor to control activities according the Islamic rules which permissible and compliance with the principles of syariah About audit syariah

The different between statutorily IFI of different countries against actual scope and scale of what constitutes syariah audit might be bias towards the actual nature and scope of syariah audit. Auditor that practices the syariah <https://assignbuster.com/audit-syariah/>

system should be understood as a model that those countries adopt probably due to certain constraint within their financial system or infrastructure. Primary scope of syariah audit is the audit of financial statement of the IFI.

The audit will design to review the financial statement are drawn up according to the prevailing financial reporting disclosure standard of the country and whether the financial entries truly and accurately reflects the right and obligation arising from the various syariah contracts that the IFI enters into. If the requirement of IFIs in that country is to adopt the Accounting and Auditing Organization of Islamic Financial Institution (AAOIFI) standards then adherence to AAOIFI standards would be construed as the syariah compliant yardstick.

The next area of a scope is the operational aspects of the IFI. This largely depends on the type of business the IFI is involved in and the key business activities undertaken by the IFI. This will involve an examination of the policies and procedures of the IFI on the key business activities, product manuals, operational process, contracts and agreements of products, memorandum and articles of association of the organization and observation of reports issued by the management or syariah supervisor board and internal review unit.

Third scope is the organizational structure and the people involved in executing key activities of each business area of the IFI. Audit on this scope will ensure that the organization structure is feasible to undertake the syariah compliant business activities and those they are qualified personnel

in the area of ? fiqh al-muamalat to support the operations of the IFI. Islamic commercial jurisprudence or the rules of transacting in Islamic law

Finally, the scope should also cover the IT application systems that are in place to support the key business activities of the IFI. An audit into this area would look into whether the functionalities and features of the application system are sufficient and adequate to support an Islamic Banking Business by the IFI. Few things should be emphasized by auditor is avoiding every sinful activities such as the elements of riba, channeling received funds in a sinful way, and transactions that pay interest to depositor or investment in interest bearing stocks.

The Syariah Advisory Council of Malaysia security commission (SAC) had resolved that riba is one of the main criteria causing the security of listed company to be excluded from SAC approved list. Islamic Instrument Study Group (IISG) at its fifth meeting on 23th August 1995 resolves that securities of a company whose operations and main activities are based on riba are not halal. Second thing is risk sharing. Islamic financerequires each party to a transaction to share the risks and rewards in an equitable manner.

Islamic finance also doesn't allow and forbid exploitation regarding right, liability and organization of the transaction leaving no room for ambiguities. Islamic law in finance is quite flexible where it allows the undertaking of any form of contractual relationship as long they avoid the clearly stated the prohibitions in the quran and sunah. To ensure the audit progress runs smoothly, auditor must understand every decision maked by SAC. Auditor can ask the secretariat for help or by referring the manual of syariah, syariah checklist, syariah audit report from previous year, and so on.