

**SHARIAH AUDIT PRACTICES IN MALAYSIAN ISLAMIC
BANKS: AN AUDIT EXPECTATION GAP ANALYSIS**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ


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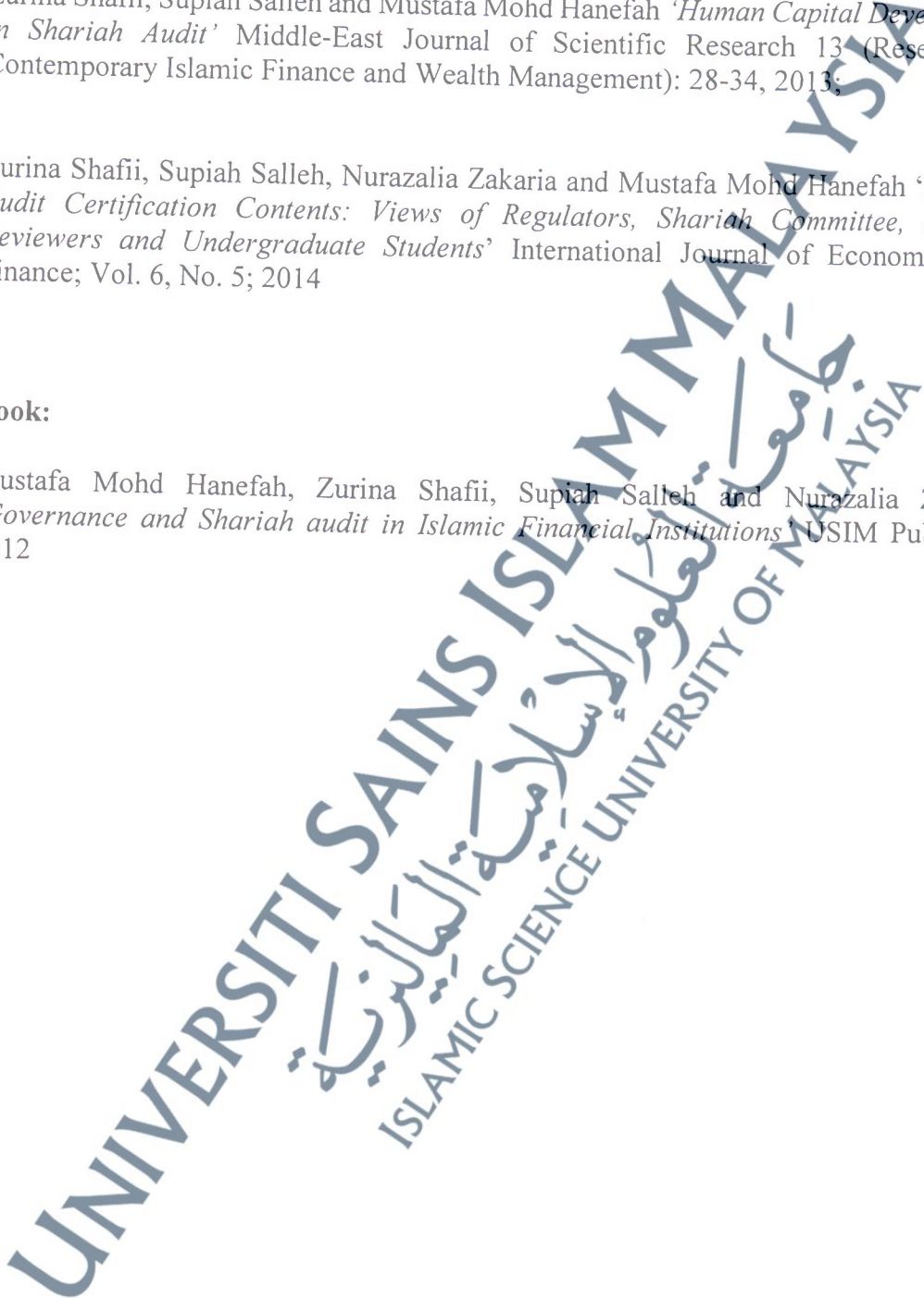
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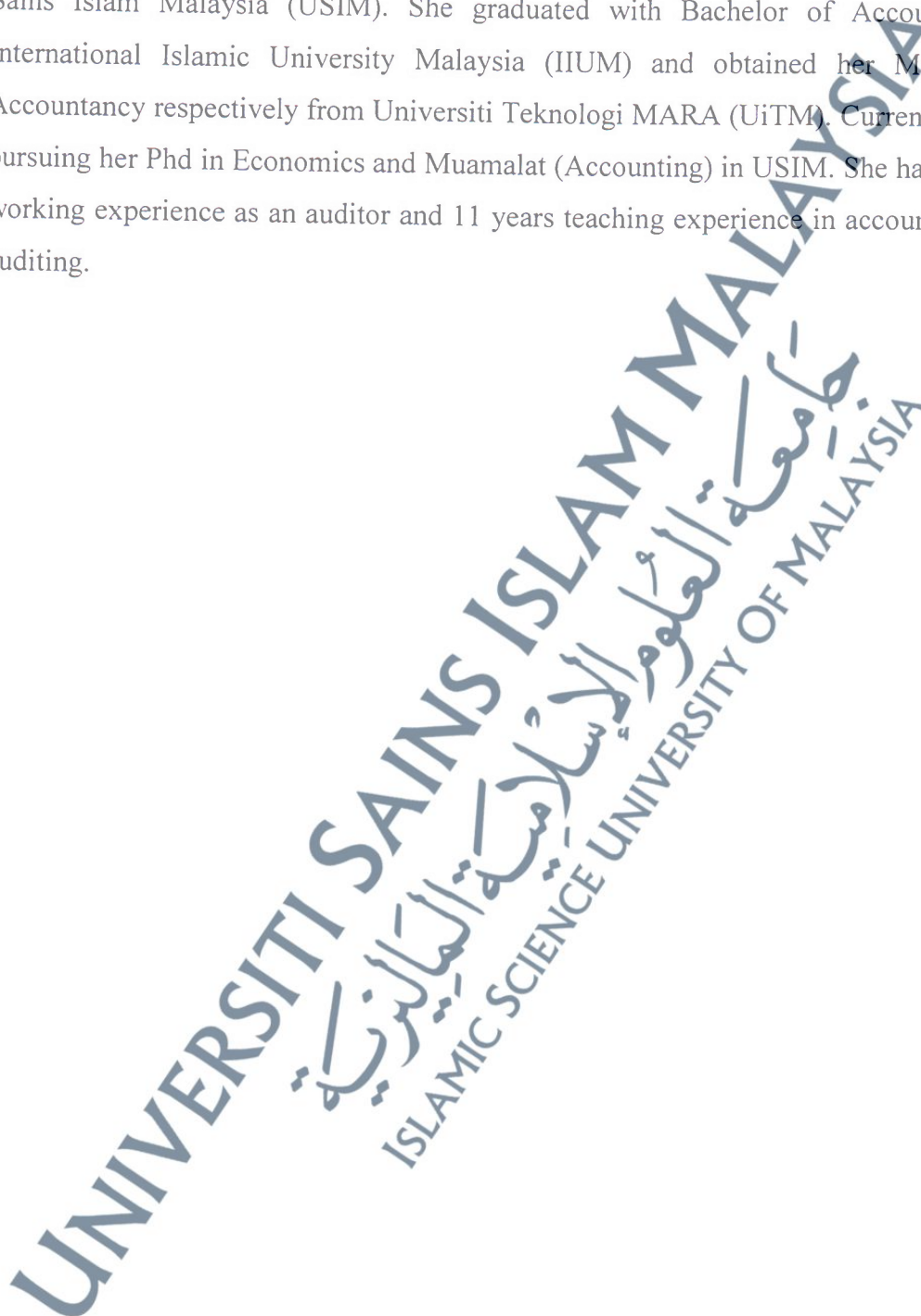
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ABSTRACT

Compliance is one of major concerns of practitioners, scholars and stakeholders in Islamic financial industry. In addressing the concern, Shariah audit practice in IFIs could play the important mechanism in ensuring Shariah compliance. Shariah audit strengthens the Shariah compliance and enhances the integrity of Islamic Financial Institutions (IFIs) due to Islamic banking's unique features that includes the prohibition of *riba*, *gharar*, *maysir* and other requirements that its activities must be in compliance with Shariah. Research on audit expectations gap in Shariah audit practices has received little attention by researchers. Three objectives are set in this study; these are: firstly to examine the perceptions of the internal auditors (Shariah auditors), regulators (BNM), Shariah committee, Shariah officers, external auditors and depositors concerning the Shariah audit practices in the Islamic banks in Malaysia. Secondly, the study determines the existence of expectations-performance gap between internal Shariah auditors, regulators (BNM), Shariah committee, Shariah officers, external auditors and depositors concerning the Shariah audit practices in the Islamic banks in Malaysia. Thirdly, the study analyse identify factors that affect the expectation gap on performance of Shariah audit. The study uses Porter's (1993) framework on audit expectation-performance gap which classify the gap into reasonableness gap and performance gap. Mixed methods approached were used which involves interviews, questionnaires survey and analyzing factors that significantly related to expectation gap on performance in Shariah audit. The study found that a reasonableness gap exists in Shariah audit practices on framework, scope, independence, competency, processes, reporting, responsibility and Shariah auditor's performance. Reasonableness gap in Shariah audit is the gap between what practitioners and stakeholders expects on the practices of Shariah audit and what it can reasonably be expected to accomplish. Based on the findings, there is also an existence of performance gap in Shariah audit practices which results in 'deficient standards' and 'deficient performance'. The 'performance gap' in Shariah audit practices due to poor standards and deficient performance needs to be addressed to boost the performance of the Shariah auditors. This study also found that performance gap due to 'deficient standard' as a result of inadequate legal and professional standards on the roles and responsibilities of Shariah auditors. This study further examine the factors that significantly affect the expectation gap on performance in Shariah audit. Based on the findings, factors such as competency, scope and independence significantly influence the Shariah auditor's performance in the Shariah audit practices. Thus, there is a need to strengthen the competency, scope and independence of the Shariah audit to ensure greater effectiveness of the goals of Shariah compliance in Islamic Banks. The research provides new insights into the structure, composition and extent of the audit expectation-performance gap in Shariah audit practices and, more importantly, it rational and comprehensive approach towards narrowing the gap. As a consequence, good Shariah audit practice that meet the expectations of stakeholders will reduce the criticism and different expectations on the Shariah audit practices in the Islamic banks.

ABSTRAK

Amalan audit Syariah merupakan pematuhan Syariah yang meningkatkan integriti Institusi Kewangan Islam (IFI). Ia merupakan satu keperluan disebabkan ciri-ciri yang berbeza dan unik di dalam perbankan Islam. Perbankan Islam harus berbeza daripada Perbankan konvensional. Audit Syariah yang berperanan memastikan setiap keputusan Majlis Pengawasan Syariah dilaksanakan dengan tepat dan betul oleh institusi kewangan terbabit. Audit Syariah mempunyai kepentingan utama, kerana terdapat kesedaran yang semakin meningkat di kalangan pengguna perbankan Islam bahawa mereka perlu menyumbang ke arah mencapai Maqasid Syariah. Tesis ini adalah bertujuan untuk menentukan persepsi dan jangkaan Jawatankuasa Syariah, juruaudit dalaman, juruaudit luar, pendeposit, pegawai Syariah dan pengawal selia (BNM) mengenai amalan audit Syariah di perbankan Islam. Jurang jangkaan berprestasi dianalisis menggunakan (1993) rangka kerja Porter pada jurang audit jangkaan prestasi. Tesis mendapati bahawa jurang kewajaran wujud dalam amalan audit Syariah ke atas rangka kerja, skop, kebebasan, kecekapan, proses, laporan, tanggungjawab dan prestasi juruaudit Syariah. Tiga objektif yang ditetapkan dalam kajian ini; ini adalah: pertama untuk mengkaji persepsi juruaudit dalaman (juruaudit Syariah), pengawal selia (BNM), jawatankuasa Syariah, pegawai Syariah, juruaudit luar dan pendeposit mengenai amalan audit Syariah di bank-bank Islam di Malaysia, kedua untuk menentukan kewujudan jurang jangkaan prestasi antara juruaudit dalaman (juruaudit Syariah), pengawal selia (BNM), jawatankuasa Syariah, pegawai Syariah juruaudit luar dan pendeposit mengenai amalan audit Syariah di bank-bank Islam di Malaysia dan ketiga untuk mengenal pasti faktor-faktor yang memberi kesan kepada jurang jangkaan prestasi dalam audit Syariah (iaitu, tanggungjawab audit Syariah dan prestasi juruaudit Syariah). Dalam usaha untuk mencapai objektif yang dinyatakan, kajian ini menggunakan kaedah campuran dalam tiga peringkat. Pertama, kajian ini melibatkan sesi temuduga untuk merangka isu-isu dalam audit Syariah dan untuk meningkatkan komponen 'jurang kewajaran'. Ia akan melibatkan temu bual dengan pakar-pakar audit Syariah. Kedua, hasil daripada temu bual telah digunakan untuk membangunkan kajian soal selidik untuk menentukan kewujudan jurang jangkaan-prestasi di kalangan responden. Ketiga, tesis ini menganalisis faktor yang signifikan dengan jurang jangkaan dalam amalan audit Syariah tanggungjawab audit Syariah dan prestasi juruaudit Syariah seperti rangka kerja, skop, proses, kecekapan, kebebasan dan laporan. Kaedah kuantitatif yang digunakan pada peringkat ini adalah SemPLS. Tesis ini mendapati bahawa jurang kewajaran wujud dalam amalan audit Syariah ke atas rangka kerja, skop, kebebasan, kecekapan, proses, laporan, tanggungjawab dan prestasi juruaudit Syariah. Juga, berdasarkan penemuan, faktor-faktor seperti kecekapan dan skop mempengaruhi prestasi juruaudit Syariah dalam amalan audit Syariah. Oleh itu, terdapat keperluan untuk meningkatkan kewibawaan dan kebebasan audit Syariah bagi memastikan keberkesanan yang lebih besar daripada matlamat pematuhan Syariah dalam perbankan Islam, yang seterusnya boleh menyumbang kepada ummah. Audit Syariah ini dilihat mampu untuk mempertingkatkan tadbir urus dalam sesebuah organisasi terutamanya berkaitan aspek syariah. Dengan adanya Audit Syariah di setiap institusi, potensi untuk memperbaiki urus tadbir organisasi supaya selaras dengan prinsip syariah semakin menjadi kenyataan dan dengan ini dapat mengukur tahap pencapaian serta dapat menjadi asas penambahbaikan kepada organisasi itu sendiri.

المخلص

تعزز ممارسات التدقيق الشرعي الأمتثال لتعاليم الشريعة الإسلامية وتسهم في نزاهة المؤسسات المالية الإسلامية. حيث أن وجود وظيفة التدقيق الشرعي في المؤسسات المالية الإسلامية جاء نتيجة لطبيعتها وصفاتها المختلفة عن البنوك التقليدية. الجدير بالذكر أن وظيفة التدقيق الشرعي في المؤسسات المالية الإسلامية لم تحظى بهتمام الباحثين والأكاديميين. وقد زاد في الأونة الاخيرة وعي المؤسسات المالية الإسلامية بأهمية وظيفة التدقيق الشرعي فيها والدور التي تلعبه في تحقيق مقاصد الشريعة. وتجدر الإشارة إلى ضرورة وجود تدقيق شرعي مستقل بصورة دورية في المؤسسات المالية الإسلامية، خاصة بظهور تحول اسلوب المجتمع في التعامل مع مقدمي الخدمات، من مجتمع يثق في كل شيء ولا يراجع شئ إلى مجتمع لا يثق بأي شيء ويراجع كل شيء. هناك ثلاثة أهداف رئيسة للدراسة الحالية كالتالي: التحقق من رأي المراجعين الداخليين (المدققين الشرعيين)، المشرعين ممثلين في موظفي البنك المركزي الماليزي، اللجنة الشرعية، الموظفين الشرعيين في المؤسسات المالية الإسلامية، المراجعين القانونيين، المودعين المهتمين بممارسات الشريعة الإسلامية في المؤسسات المالية الإسلامية. تحديد التباين في التوقعات حول أداء التدقيق الشرعي بين المدققين الشرعيين، المشرعين ممثلين في موظفي البنك المركزي الماليزي، اللجنة الشرعية، الموظفين الشرعيين في المؤسسات المالية الإسلامية، المراجعين القانونيين، المودعين المهتمين بممارسات الشريعة الإسلامية في المؤسسات المالية الإسلامية الماليزية. التحقق من العوامل المؤثرة في رسم توقعات الأداء للتدقيق الشرعي (من خلال مسؤولية وأداء التدقيق الشرعي). وقد تم استخدام نموذج بورتر (1993) حول توقعات الأداء. ومن أجل تحقيق أهداف الدراسة تم استخدام المنهجية المختلطة في ثلاث مراحل: المرحلة الأولى، تم القيام بمقابلات مع ذوي الاختصاص فيما يخص التدقيق الشرعي، لرسم صورة أكثر عمقاً عن المشاكل والتحديات التي تواجه التدقيق الشرعي في المؤسسات المالية الإسلامية. ثانياً، ركزت هذه الدراسة على العوامل الأكثر الثانية تم استخدام نتائج المرحلة الأولى (المقابلات) لتطوير أسئلة الاستبانة لقياس فجوة بين توقعات المستجيبين المتعلقة بوظيفة التدقيق الشرعي في المؤسسات المالية الإسلامية. ثالثاً، ركزت هذه الدراسة على العوامل الأكثر ارتباطاً بفجوة التوقعات بممارسات التدقيق الشرعي في المؤسسات المالية الإسلامية كمسؤولية التدقيق الشرعي، أداء التدقيق الشرعي كالأطر النظري، نطاق التدقيق، الإجراءات، الخبرات والمهارات المطلوبة للمدقق الشرعي، استقلالية المدقق الشرعي، وتقارير التدقيق الشرعي. ولقد تم استخدام (SemPLS) لتحليل البيانات الكمية في المرحلة الثانية. وقد أشارت نتائج التحليل إلى وجود فجوة في توقعات الجهات ذات العلاقة بوظيفة التدقيق الشرعي من حيث الإطار والنطاق والاستقلالية والكفاءة والإجراءات والتقارير والمسؤولية وأداء. وقد عُزِي وجود فجوة في توقعات التدقيق الشرعي إلى ضعف المعايير والقواعد التي تنظم ممارسات التدقيق الشرعي في المؤسسات المالية الإسلامية في ماليزيا. بالإضافة إلى غياب آلية لمعالجة وتطوير وظيفة التدقيق الشرعي. كما أشارت النتائج إلى أن عوامل مثل كفاءة وخبرة المدقق الشرعي، نطاق التدقيق الشرعي، وأمتقلالية المدقق الشرعي كان لها أثر ذو دلالة معنوية على أداء التدقيق الشرعي. لذلك توصي هذه الدراسة إلى المزيد من الأهتمام على كفاءة وخبرة وأمتقلالية المدقق الشرعي لضمان فعالية أكبر لأهداف الأمتثال للضوابط الشرعية في المؤسسات المالية الإسلامية في ماليزيا.

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LIST OF ABBREVIATIONS

AAOIFI	Accounting and Auditing Organisation of Islamic Financial Institutions
AGC	Audit and Governance Committee
ASIFI	Auditing Standards for Islamic Financial Institutions
BAC	Board Audit Committee
BIMB	Bank Islam Malaysia Berhad
BNM	Bank Negara Malaysia
BOD	Board of Directors
CEO	Chief Executive Officer
GSIFI	Governance Standards for Islamic Financial Institutions
IFIs	Islamic Financial Institutions
IFRS	International Financial Reporting Standards
IFSB	Islamic Financial Services Board
IIFS	Institutions offering only Islamic Financial Services excluding insurance institutions
IPPF	International Professional Practices Framework
ISCU	Internal Shariah Compliance Unit
ISRU	Internal Shariah Review Unit
OECD	Organisation for Economic Co-operation and Development
SAC	Shariah Advisory Council
SCR	Shariah Committee Report
SGF	Shariah Governance Framework
SC	Shariah Committee
SR	Shariah Review
SSB	Shariah Supervisory Board
SSBR	Shariah Supervisory Board Report
SSC	Shariah Supervisory Council
TR	Technical Release