

[Look Up Full Text](#)
[Find PDF](#)
[Export...](#)
[Add to Marked List](#)

THE MEASUREMENT OF EFFECTIVE INTERNAL SHARI AH AUDIT FUNCTION IN ISLAMIC FINANCIAL INSTITUTIONS

By: [Ab Ghani, NL](#) (Ab Ghani, Nur Laili)^[1]; [Ariffin, NM](#) (Ariffin, Noraini Mohd)^[2]; [Rahman, ARA](#) (Rahman, Abdul Rahim Abdul)^[3]

INTERNATIONAL JOURNAL OF ECONOMICS MANAGEMENT AND ACCOUNTING

Volume: 27 Issue: 1 Pages: 141-165

Published: 2019

Document Type: Article

Abstract

Assurance of Shari'ah compliance through the Shari'ah audit function is crucial for enhancing the integrity of Islamic Financial Institutions (IFIs). Effective Shari'ah audit function during periodical assessment will ensure effective internal control system for Shari'ah compliance in IFIs. This paper examines the measurement of effective internal Shari'ah audit function in IFIs. It critically reviews the emerging literature on the importance of eight components for measuring effective internal Shari'ah audit function. The components are Shari'ah audit objective, Shari'ah audit scope, Shari'ah audit and governance, Shari'ah audit charter, competency of internal Shari'ah auditors, Shari'ah audit process, reporting requirements and independence. These components are important for achieving effective internal control over Shari'ah compliance. The study also performs a structured interview with Islamic financial experts to validate the measurement before it is further examined in future empirical studies. The main argument of this paper is that highly effective internal Shari'ah audit function leads to inclusive opinion on reasonable assurance of Shari'ah compliance. Assurance of Shari'ah compliance should enhance stakeholder confidence and satisfy the growing demand for IFIs accountability and sustainability.

Keywords

Author Keywords: Shari'ah audit; Shari'ah compliance; Shari'ah governance; Islamic financial institutions

Author Information

Reprint Address: Ab Ghani, NL (reprint author)

+ Univ Kebangsaan Malaysia, Grad Sch Business, Ukm Bangi 43600, Selangor, Malaysia.

Addresses:

+ [1] Univ Kebangsaan Malaysia, Grad Sch Business, Ukm Bangi 43600, Selangor, Malaysia

+ [2] Int Islamic Univ Malaysia, Dept Accounting, Kulliyyah Econ & Management Sci, POB 10, Kuala Lumpur 50728, Malaysia

+ [3] Univ Sains Islam Malaysia, Fac Econ & Management, Nilai 71800, Negeri Sembilan, Malaysia

E-mail Addresses: nurlaili@ukm.edu.my; norainima@iium.edu.my; abdulrahim@usim.edu.my

Publisher

IJUM PRESS, PO BOX 70 PETALING JAYA, SALANGER, 46700, MALAYSIA

Categories / Classification

Research Areas: Business & Economics

Web of Science Categories: Economics

See more data fields

Citation Network

In Web of Science Core Collection

0

Times Cited

Create Citation Alert

42

Cited References

[View Related Records](#)

Use in Web of Science

Web of Science Usage Count

0

3

Last 180 Days

Since 2013

[Learn more](#)

This record is from:

Web of Science Core Collection

- Emerging Sources Citation Index

Suggest a correction

If you would like to improve the quality of the data in this record, please [suggest a correction](#).

Cited References: 42

Showing 30 of 42 [View All in Cited References page](#)

(from Web of Science Core Collection)

<p>1. Analysis of Shariah audit practices in Islamic banks in Malaysia By: Ab Ghani, N. L.; Abdul Rahman, A. R. Jurnal Pengurusan Volume: 43 Pages: 107-18 Published: 2015</p>	<p>Times Cited: 2</p>
<p>2. Enhancing the Integrity of Islamic Financial Institutions in Malaysia: The Case for the Shari'ah Audit Framework By: Abdul Rahman, A. R. ISRA International Journal of Islamic Finance Volume: 3 Issue: 1 Pages: 135-47 Published: 2011</p>	<p>Times Cited: 2</p>
<p>3. Shari'ah Audit for Islamic Financial Services: The Needs and Challenges By: Abdul Rahman, A. R. ISRA ISL FIN SEM Published: 2008 Publisher: International Shari'ah Research Academy (ISRA), Kuala Lumpur</p>	<p>Times Cited: 4</p>

4. **Disclosure of Shariah compliance by Malaysian takaful companies** Times Cited: **12**
 By: Abu Kasim, Nor Aziah
 JOURNAL OF ISLAMIC ACCOUNTING AND BUSINESS RESEARCH Volume: 3 Issue: 1 Pages: 20-38 Published: 2012

5. **The effectiveness of internal audit in Malaysian public sector** Times Cited: **12**
 By: Ahmad, H. N.; Othman, R.; Othman, R.; et al.
 Journal of Modern Accounting and Auditing Volume: 5 Issue: 9 Pages: 53-62 Published: 2009
[\[Show additional data\]](#)

6. **The Need of Independent Shariah Members in Islamic Cooperative Banks: An Empirical Study of Professional Accountants in Malaysia** Times Cited: **1**
 By: Ahmad, M. R.; Al-Aidaros, A. H.
 International Review of Management and Business Research Volume: 4 Issue: 1 Pages: 110-20 Published: 2015

7. **The development or internal audit in Saudi Arabia: an institutional theory perspective** Times Cited: **60**
 By: Al-Twaijry, AAM; Brierley, JA; Gwilliam, DR.
 Critical Perspectives on Accounting Volume: 14 Pages: 507-31 Published: 2003

8. Title: [not available] Times Cited: **1**
 By: Albrecht, W. S.; Howe, K. R.; Schueler, D. R.; et al.
 Evaluating the Effectiveness of Internal Audit Departments Published: 1998
 Publisher: The Institute of Internal Auditors Research Foundation, Altamonte Springs, Florida
[\[Show additional data\]](#)

9. **Governing Islamic Financial Institutions** Times Cited: **1**
 By: Alhabshi, S. M.
 New Straits Times Online Published: 2016

10. Title: [not available] Times Cited: **27**
 By: ALZEBAN A
 J INT ACCOUNTING AUD Volume: 23 Pages: 74 Published: 2014

11. **Identifying Organizational Drivers of Internal Audit Effectiveness** Times Cited: **90**
 By: Arena, Marika; Azzone, Giovanni
 INTERNATIONAL JOURNAL OF AUDITING Volume: 13 Issue: 1 Pages: 43-60 Published: MAR 2009

12. Title: [not available] Times Cited: **15**
 By: Askari, H.; Iqbal, Z.; Mirakhor, A.
 New Issues in Islamic Finance and Economics: Progress and Challenges Published: 2009
 Publisher: John Wiley and Sons, Singapore

13. **Empirical evidence of antecedents of internal audit effectiveness from Nigerian perspective** Times Cited: **7**
 By: Badara, M. A. S.; Saidin, S. Z.
 Middle-East Journal of Scientific Research Volume: 19 Issue: 4 Pages: 460-469 Published: 2014

14. Title: [not available] Times Cited: **1**
 Group Author(s): Bank Negara Malaysia
 Governor's Keynote Address at the Global Islamic Finance Forum 5. 0: Future of Islamic Finance: Delivering Actions Today for a Sustainable Tomorrow

15. Title: [not available] Times Cited: **15**
 Group Author(s): Bank Negara Malaysia
 Sha'riah Governance Framework for Islamic Financial Institutions Published: 2010
 accessed 14 January 2016

16. **The Practice of Shariah Review as Undertaken by Islamic Banking Sector in Malaysia** Times Cited: **8**
 By: Besar, Mohd Hairul Azrin Haji; Sukor, Mohd Edil Abd; Abdul Muthalib, Nuraishah; et al.
 International Review of Business Research Papers Volume: 5 Issue: 1 Pages: 294-306 Published: 2009
[\[Show additional data\]](#)

17. **The Effectiveness of Internal Auditing: An Empirical Examination of its Determinants in Israeli Organisations** Times Cited: **38**
 By: Cohen, Aaron; Sayag, Gabriel
 AUSTRALIAN ACCOUNTING REVIEW Volume: 20 Issue: 3 Pages: 296-307 Published: SEP 2010

18. Title: [not available] Times Cited: **34**
 By: Cooper, D.; Schindler, P.
 Business Research Methods Published: 2013
 Publisher: Mc- Graw-Hill Higher Education, New York, NY

19. Title: [not available] Times Cited: **34**

By: DITTENHOFER M
MANAGERIAL AUDITING Volume: 16 Pages: 443 Published: 2001

20. **Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives** Times Cited: **53**
By: Dusuki, Asyraf Wajdi
INTERNATIONAL JOURNAL OF ISLAMIC AND MIDDLE EASTERN FINANCE AND MANAGEMENT Volume: 1 Issue: 2 Pages: 132-148 Published: 2008
21. **Internal auditing practices and internal control system** Times Cited: **48**
By: Fadzil, Faudziah Hanim; Haron, Hasnah; Jantan, Muhamad
MANAGERIAL AUDITING JOURNAL Volume: 20 Issue: 8 Pages: 844+ Published: 2005
22. **Shariah supervisory system in Islamic financial institutions New issues and challenges: a comparative analysis between Southeast Asia models and GCC models** Times Cited: **23**
By: Grassa, Rihab
HUMANOMICS Volume: 29 Issue: 4 Pages: 333+ Published: 2013
23. Title: [not available] Times Cited: **1**
Group Author(s): International Shariah Research Academy (ISRA)
Exposure Draft: Internal Shariah Audit Framework for Islamic Financial Institutions Published: 2011
24. **Internal audit function, board quality and financial reporting quality: evidence from Malaysia** Times Cited: **26**
By: Johl, Shireenjit K.; Johl, Satirenjit Kaur; Subramaniam, Nava; et al.
MANAGERIAL AUDITING JOURNAL Volume: 28 Issue: 9 Pages: 780+ Published: 2013
25. **Shariah Auditing in Islamic Financial Institutions : Exploring the Gap Between the Desired and the Actual.** Times Cited: **11**
By: Kasim, N.; Mohamad, I. S. H.; Sulaiman, M.
Global Economy and Finance Journal Volume: 2 Issue: 2 Pages: 127-137 Published: 2009
26. **Relationship between internal Shariah audit characteristics and its effectiveness** Times Cited: **4**
By: Khalid, Azam Abdelhakeem; Haron, Hasnah Haj; Masron, Tajul Ariffin
HUMANOMICS Volume: 33 Issue: 2 Special Issue: SI Pages: 221-238 Published: 2017
27. **A synthesis of empirical internal audit effectiveness literature pointing to new research opportunities** Times Cited: **42**
By: Lenz, Rainer; Hahn, Ulrich
MANAGERIAL AUDITING JOURNAL Volume: 30 Issue: 1 Pages: 5-33 Published: 2015
28. Title: [not available] Times Cited: **2,917**
By: Merriam, S. B.
Qualitative Research: A Guide to Design and Implementation Published: 2009
Publisher: Jossey-Bass, San Francisco, CA
29. **Internal audit effectiveness: an Ethiopian public sector case study** Times Cited: **62**
By: Mihret, Dessalegn Getie; Yismaw, Aderajew Wondim
MANAGERIAL AUDITING JOURNAL Volume: 22 Issue: 5 Pages: 470+ Published: 2007
30. **Effectiveness of Shari'ah Auditor in Malaysian Takaful Industry: A Proposed Framework** Times Cited: **1**
By: Mohamad Puad, N. A.
INT C POSTGR RES 201 Published: 2014
Publisher: International Islamic University College Selangor (KUIS), Selangor, Malaysia

Showing 30 of 42 [View All in Cited References page](#)

