Shariah Auditing: A Review of Literature and Future Research Agenda

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ABSTRACT

Shariah Auditing has over the past decades been recognised by academicians, practitioners and other stakeholders as an important element necessary for the sound Shariah governance of Islamic financial institutions. The increasing need for Shariah governance, warranted by the geometric growth of Islamic finance and its capital markets across the globe, has further heightened the need for Shariah Auditing. Accordingly, Shariah Auditing is mandatory in countries like Malaysia, Oman and Pakistan, among others. In tandem with this development is academicians’ growing interest in Shariah Auditing research. This event presents an opportunity for interested scholars to assess the development of research in this discipline. Therefore, this paper seeks to review published studies since the inception of modern Islamic financial institution to year 2014 in order to identify key trends/issues in Shariah Auditing research and to propose future research agenda. Being the first of its kind in the Shariah Auditing research stream, it is hoped that the paper will be valuable to the present and future Shariah Auditing scholars interested in the evolution of literature and/or in identifying avenues for future research.

Key words: Shariah Auditing, Shariah Governance, Shariah Auditing Research, Trends
1. INTRODUCTION
Academicians, practitioners and concerned stakeholders have acknowledged Shariah Auditing as an important component of Shariah Corporate Governance (SCG). Its historical evolution is tied to the existence of hisbah institutions in the flourishing era of Islamic civilisation (Khan, 1985). Indeed, it is argued that the rise of Islamic Banking and Finance (IBF) and its capital markets across the globe rely, at least in part, on sound Shariah Auditing. Though IBF has existed over decades and there is substantial research on Islamic finance, less attention has been paid to Shariah Auditing. Instead, researchers have largely focused on studying issues in Islamic accounting standards for specific products (Napier, 2009; Najeeb & Ibrahim, 2014). Also, it could be that literature on Shariah governance structures in IFIs is very limited (Muneeza & Hassan, 2014). The extremely few studies on Shariah Auditing remain fragmented, and there is a distinct lack of published research on trends or developments in Shariah Auditing Research (SAR). The absence of such a study limits our understanding of the current stage, issues and future direction of SAR.

To address this, the paper aims to discuss and critically evaluate prior work (i.e. journal articles) on Shariah Auditing since the inception of modern IFIs, observing the stages and nature of work that has been done and what needs to be done. This is to determine the evolution of research in this current subject since the inception of contemporary IFIs and to improve our knowledge and understanding in the area. In this manner, this paper offers insight and provides a guide to scholars of this field and to those who are beginning their research on this subject. This is possible because the results will help us to determine what still needs to be investigated in terms of research in the area and subsequently, to formulate the future research agenda. Finally, the paper will be of great value to Shariah audit professionals who wish to gain better understanding of the current situation.

The remainder of the paper is structured as follows. Section 2 describes the methodology that has been used to gather relevant materials and the approach of the analysis; Section 3 provides the results and discussion of the study; and Section 4 concludes by presenting future research agenda and limitations of the study.

2. METHODOLOGY
The main objective of this paper is to review developments in SAR. To examine these developments, a review of research on Shariah Auditing was conducted. The paper employs a chronological review of literature (Neely, 2005; Taticchi, Tonell, & Cagnazzo, 2010) in the field of Shariah Auditing and its related areas, as presented in the previous section. The review was drawn from an extensive examination of the breadth of Shariah Auditing related literature without constraints as to a narrow timeframe or limited journal list, although special attention was directed to leading journals in the publication of Islamic accounting, banking and finance related study.

To accomplish its aim, the following steps were followed. The first step was to choose a group of relevant journals likely to include a study in the field of Shariah governance of IFIs and Shariah Auditing. Due to the scarcity of published journal articles, the search also included seminar and conference papers as well as masters and doctoral dissertations. The study mainly used library and other academic databases. The second step was to identify the articles with
main topics related to *Shariah* Auditing. In this respect, the paper focuses on articles discussing *Shariah* Auditing from the theoretical or practical perspectives. To carry out this identification, a bibliographic search was conducted using the following keywords: *Shariah* audit, *Shariah* Auditing, *Shariah* compliance audit, *Shariah* review, religious audit and religious auditor. Subsequently, the paper extended the process in two ways. First, the study included in the search *Shariah* Audit AND *Shariah* governance, since it was realised that there are articles looking at both *Shariah* Auditing and the governance of IFIs. Second, the paper examined the bibliography of each of the articles identified at the initial search, in order to minimise the possibility of overlooking significant number of articles on the subject matter. Thereafter, each of the articles obtained was read completely, and carefully analysed to ensure that it is indeed wholly or partly focusing on *Shariah* Auditing. Therefore, even if the title, keywords or abstract did not mention *Shariah* Audit directly, the authors were able to identify the articles pertaining to *Shariah* Auditing as exhibited in Table 2.1 (pp. 3-4). The analysis of the developments in SAR is primarily looking at the number of articles, research themes, research methods (mainly data collection methods and research instruments) and research context.
Table 2.1: List of *Shariah* Auditing Related Literature

<table>
<thead>
<tr>
<th>No.</th>
<th>Author(s)</th>
<th>Title</th>
<th>Year</th>
<th>Published/Unpublished</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Khan</td>
<td>Role of the Auditor in an Islamic Economy</td>
<td>1985</td>
<td><em>Journal of research in Islamic economics</em></td>
</tr>
<tr>
<td>2</td>
<td>Briston &amp; El-Ashker</td>
<td>Religious audit: Could it happen here?</td>
<td>1986</td>
<td><em>Accountancy</em></td>
</tr>
<tr>
<td>3</td>
<td>Abdel-Karim</td>
<td>The independence of religious and external auditors: the case of Islamic banks</td>
<td>1990</td>
<td><em>Accounting, Auditing &amp; Accountability Journal</em></td>
</tr>
<tr>
<td>4</td>
<td>Hood &amp; Bucheery</td>
<td>The Interaction of Religious (Islamic) Auditors with Reference to the Audit Expectation Gap in Bahrain</td>
<td>1999</td>
<td><em>Accounting, Commerce and Finance: The Islamic Perspective Journal</em></td>
</tr>
<tr>
<td>5</td>
<td>Khan</td>
<td>Role of supreme audit institutions in shaping the Islamic economy in the 21st century</td>
<td>2001</td>
<td><em>IIUM Journal of Economics and Management</em></td>
</tr>
<tr>
<td>6</td>
<td>Chapra &amp; Ahmed</td>
<td>Corporate governance in Islamic financial institutions</td>
<td>2002</td>
<td>Occasional Paper, IRTI/IDB</td>
</tr>
<tr>
<td>7</td>
<td>Abdul Rahman, Abu Bakr &amp; Syafie</td>
<td>A preliminary study on the responsibility and independence of Shariah advisors of Islamic banks</td>
<td>2004</td>
<td>Proceedings of IIUM Accounting Conference II.</td>
</tr>
<tr>
<td>8</td>
<td>Grais &amp; Pellegrini</td>
<td>Corporate Governance and <em>Shariah</em> Compliance in Institutions Offering Islamic Financial Services</td>
<td>2006</td>
<td><em>WP, World Bank Publications</em></td>
</tr>
<tr>
<td>9</td>
<td>Ibrahim and Mulyany</td>
<td><em>Shariah</em> Audit for Islamic Financial Institutions (IFIs): Perceptions of Accounting Academicians, Audit Practitioners and Shariah Scholars.</td>
<td>2007</td>
<td>IIUM Accounting Conference.</td>
</tr>
<tr>
<td>10</td>
<td>Abdul Rahman</td>
<td>Shari’ah audit for Islamic financial services: The needs and challenges</td>
<td>2008</td>
<td>ISRA Islamic Finance Seminar</td>
</tr>
<tr>
<td>11</td>
<td>Mulyany</td>
<td>Shari’ah audit for Islamic financial institutions: perceptions of accounting academicians, audit practitioners and shari’ah scholars</td>
<td>2008</td>
<td>Master dissertation, IIUM</td>
</tr>
<tr>
<td>12</td>
<td>Besar, Sukor, Muthalib &amp; Gunawa</td>
<td>The Practice of <em>Shariah</em> Review as Undertaken by Islamic Banking Sector in Malaysia</td>
<td>2009</td>
<td><em>International Review of Business Research Papers</em></td>
</tr>
<tr>
<td>13</td>
<td>Kasim</td>
<td>Dynamics of <em>Shariah</em> Auditing in Islamic Institutions: a study of the Malaysian Islamic financial sector</td>
<td>2009</td>
<td>Doctoral dissertation, IIUM</td>
</tr>
<tr>
<td>14</td>
<td>Kasim, Ibrahim &amp; Sulaiman</td>
<td><em>Shariah</em> Auditing in Islamic Financial Institutions: Exploring the Gap Between the “Desired” and the “Actual”</td>
<td>2009</td>
<td><em>Global Economy &amp; Finance Journal</em></td>
</tr>
<tr>
<td>15</td>
<td>Shafii &amp; Salleh</td>
<td>Enhancing governance, accountability and transparency in Islamic financial institutions: An examination into the audit of shari’a internal control system</td>
<td>2010</td>
<td><em>Malaysian Accounting Review</em></td>
</tr>
</tbody>
</table>
### Table 2.1: List of Shariah Auditing Related Literature (Continued)

<table>
<thead>
<tr>
<th>No.</th>
<th>Author(s)</th>
<th>Title</th>
<th>Year</th>
<th>Published/Unpublished</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>Shafii, Salleh &amp; Shahwan</td>
<td>Management of Shariah Non-Compliance Audit Risk in the Islamic Financial Institutions via the Development of Shariah Compliance Audit Framework and Shariah Audit Programme</td>
<td>2010</td>
<td>Kyoto Bulletin of Islamic Area Studies</td>
</tr>
<tr>
<td>17</td>
<td>Rammal and Parker</td>
<td>Audit and governance in Islamic banks: selection and training of Shari’ah advisors</td>
<td>2010</td>
<td>University of Sydney</td>
</tr>
<tr>
<td>18</td>
<td>Yaacob</td>
<td>Issues and challenges of shari’ah audit in Financial institutions: a contemporary view</td>
<td>2012</td>
<td>International Conference proceeding</td>
</tr>
<tr>
<td>19</td>
<td>Garas</td>
<td>The control of the Shari'a Supervisory Board in the Islamic financial institutions</td>
<td>2012</td>
<td>International Journal of Islamic and Middle Eastern Finance and Management</td>
</tr>
<tr>
<td>21</td>
<td>Yaacob, Shafeek &amp; Nahar</td>
<td>Exploring Undergraduate Students’ Understanding of Shari’ah Based Audit: Implications for the Future of Shari’ah Auditing Labor Market in Brunei</td>
<td>2013</td>
<td>Asian Journal of Finance &amp; Accounting</td>
</tr>
<tr>
<td>23</td>
<td>Shafii, Zainal Abidin, Salleh, Jusoff &amp; Kasim</td>
<td>Post Implementation of Shariah Governance Framework: The Impact of Shariah Audit Function Towards the Role of Shariah Committee</td>
<td>2013</td>
<td>Middle-East Journal of Scientific Research</td>
</tr>
<tr>
<td>24</td>
<td>Kasim, Sanusi, Mutamimah &amp; Handoyo</td>
<td>Assessing the current practice of Auditing in Islamic Financial Institutions in Malaysia and Indonesia</td>
<td>2013</td>
<td>International Journal of Trade, Economics and Finance</td>
</tr>
<tr>
<td>25</td>
<td>Najeeb &amp; Ibrahim</td>
<td>Professionalizing the role of Shari’ah auditors: How Malaysia can generate economic benefits</td>
<td>2014</td>
<td>Pacific-Basin Finance Journal</td>
</tr>
<tr>
<td>26</td>
<td>Shafii, Ali and Kasim</td>
<td>Shariah Audit in Islamic Banks: An Insight to the Future Shariah Auditor Labour Market in Malaysia</td>
<td>2014</td>
<td>Procedia - Social and Behavioral Sciences</td>
</tr>
<tr>
<td>27</td>
<td>Ab Ghani</td>
<td>An analysis of shari’ah audit practices in Islamic banks in Malaysia</td>
<td>2014</td>
<td>Master dissertation, IIUM</td>
</tr>
</tbody>
</table>
3. RESULTS AND DISCUSSIONS

3.1 Number of Articles

A total of 28 papers were identified: 17 published articles from 17 different journals, 3 international conference papers, 1 seminar paper, 4 dissertations and 3 occasional/working papers. The earliest paper included in the dataset was published in 1985 and the most recent in 2014. In terms of the number of articles published per year, the range was from one in years 1985, 1990, 1999, 2002 and 2006 to a maximum of 4 articles in both 2013 and 2014, thus giving an average of 0.93 per year. As presented in Table 3.1, overall, there was an increase in the number of articles during the periods examined, with an average of 0.25 article per year in the period 1985-2000, 1.11 articles per year in the period 2001-2009 and 2.80 articles per year in the period 2010-2014.

Table 3.1: Number of Shariah Audit articles in the period 1985–2013

<table>
<thead>
<tr>
<th>Period</th>
<th>Number of articles</th>
<th>Average number of articles per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985 - 2000</td>
<td>4</td>
<td>0.25</td>
</tr>
<tr>
<td>2001 - 2009</td>
<td>10</td>
<td>1.11</td>
</tr>
<tr>
<td>2010 - 2014</td>
<td>14</td>
<td>2.80</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>0.93</td>
</tr>
</tbody>
</table>

Of the 28 articles, 12 are on the role of the auditor, 12 on the needs, issues and challenges of Shariah Auditing and only 1 on audit of Shariah internal control. Country cases and comparative studies account for more than half of the total number of articles. It is also evident from Table 2.1 (pp. 3-4) that a few of the studies that have been conducted, is dominated by a limited number of researchers. The question is: why so? Why is it that Shariah Auditing is dependent on a limited number of studies from a limited number of contributors? There could be so many answers to these questions. A possible answer is that, as alluded to earlier, many researchers at the earlier stage of the development of Islamic accounting focused on issues related to AAOIFI’s Islamic accounting standards. At that time, too, Shariah audit/review was almost non-existent or not mandatory in many jurisdictions. Perhaps the surge in interest in SAR in the most recent decade could be credited to the rise in mandatory requirements for Shariah audit driven by the growth of Islamic finance in most countries, especially Malaysia. No wonder then that the dominant country context of most of the studies is Malaysia. This can be observed in the ensuing presentation of the results by themes, methodology and context.

3.2 Results by Themes

To review the trends in SAR since the inception of IFI, this paper divides the period into three: 1985-2000, 2001-2009 and 2010-2014. Though IFI first came into being in 1970s (Masood et al., 2011; Khan & Bhatti, 2008), the first period starts with year 1985, being the date the first article was published. It also corresponds to the rise and growth of Islamic finance, the creation of AAOIFI, the issuance of AAOIFI’s governance standards for IFIs and the establishment of the Islamic Financial Services Board (IFSB). The second period extends from the effective date of AAOIFI’s standard on Shariah review/audit to the issuance of Bank Negara’s governance framework. The third period extends from the issuance of Bank Negara’s Shariah governance framework to 2014. These periods were selected to show the relative change in SAR over the
total period observed. However, this does not imply a causal factor explaining the growth of research. Rather, these events present an opportunity for interested scholars to assess the status and the evolution of SAR.

During 1985-2000, Shariah audit was characterised by very few studies focusing on the auditor’s role and the Islamic framework within which auditors perform their duties (Briston & El-Ashker, 1986; Abdel-Karim, 1990; Khan 1985) as well as the issue of independence of the auditors (Abdel-Karim, 1990). The SSB’s role is likened to that of conventional auditors (Briston & El-Ashker, 1986; Abdel-Karim, 1990). Its function is purported to include Shariah ex ante audit, ex post audit, determination and payment of zakat and adoption of appropriate accounting policies (Abdel-Karim, 1990). Conclusively, the role of the SSB is portrayed as wider in scope and accountability chain (Khan, 1985). Discharging such responsibilities requires the religious auditor to be knowledgeable in accounting, finance, management, Islamic jurisprudence (at least on Islamic financial transactions) auditing and other relevant subjects (Briston & El-Ashker, 1986; Abdel-Karim, 1990; Khan 1985).

Notwithstanding its nature of accountability and scope, the product of SSB’s role is visible as attachments to external auditors’ annual financial reports or as internal reports to directors who state their opinions in annual reports as to the Shariah compliance of IFI (Briston & El-Ashker, 1986). Researchers in this period were critical of this arrangement. For instance, Abdel-Karim (1990) sees the confinement of SSBs to Shariah matters as akin to the separation between religious and external auditors and thus incompatible with the tenets of Islam. This is confirmed by the findings that while both religious and financial auditors are unaware of what the other does, there is an audit expectation gap for nonreligious auditors (Briston & El-Ashker, 1986).

More importantly, the independence of the religious auditors (SSBs) was questioned. This issue was at the centre of Abdel-Karim’s (1990) discussion, although others have also previously highlighted it. Being appointed by the bank, the SSBs’ independence appears to be an illusion (Abdel-Karim, 1990; Khan, 1985). The independence of the SSBs is of greater importance because the perception of users as to the credibility of the financial statements lies in the perceived independence of the SSBs (Abdel-Karim, 1990). Abdel-Karim concludes that whereas the perceived independence of SSBs is significantly influenced by moral values, that of the external auditors is largely affected by economic factors. This implies that religious values mitigate the threat to independence.

Nonetheless, Khan (1985) maintains that the employee-employer relationship threat to independence needs to be cushioned. He proposes the establishment of an Islamic Auditing Foundation (IAF), an independent body with, among other things, responsibility for the nomination and compensation of auditors of registered business organisations. Registration of auditee business organisations with the IAF would be mandatory and the IAF would rely on financial donations from its registered business organisations to cover payments to auditors and for part of its administrative costs. By regulation, no qualified auditor would be allowed to accept direct auditing engagements. This recommendation does not, however, shield the IAF and its members from potential threat to independence since the IAF still relies on funding from business organisations to sustain its existence. Generally, studies in this period are conceptual and the growth of Islamic finance was still in its infancy. At this stage the word/phrase ‘Shariah audit/auditor’ was never mentioned. Rather, ‘Islamic or religious audit/auditor’ was used.

In comparison to the prior period, the second period (2001-2009) witnessed the extension of existing themes and the emergence of new (sub)themes. Deliberation on the role of
the auditor continued. However, instead of being general, the discussion here focuses on the supremacy of audit institutions (Khan, 2001) and specifically on how the SSBs perform Shariah review and the effectiveness of such a review (Besar et al., 2009). Simultaneously, new themes such as the need for Shariah Auditing, Shariah clearance by IFIs (Chapra & Ahmed, 2002; Abdul Rahman, 2008), issues and challenges of Shariah Auditing (Grais & Pellegrini, 2006; Abdul Rahman, 2008; Mulyany, 2008; Kasim, 2009; Kasim et al., 2009) have been highlighted. The issues and challenges include independence, confidentiality, competency/qualification, inconsistent pronouncements, scope and timing of audits, Shariah audit evidence, audit programmes and procedures and an independent regulatory body.

Following arguments that the auditing system in Islamic organisations should be different from the conventional auditing system because their operations are guided by the Islamic worldview (Abdel-Karim, 1990; Khan, 1985; 2001), Chapra and Ahmed (2002) concur that IFIs must be Shariah cleared and audited. The former is necessary to obtain clearance from the SSB on compliance of all their products and activities with Shariah, while the latter is necessary to provide an assurance that all the transactions of the IFIs are actually in conformity with the verdicts of the SSBs. These are essential, as part of corporate mechanisms in IFIs, for creating confidence in depositors and stakeholders with regards to their compliance with Shariah requirements (Grais & Pellegrini, 2006). Chapra and Ahmed (2002) assert that Shariah clearance could be performed by the SSBs. However, Shariah audit is difficult for the SSBs to conduct because of time and/or staff constraints. Preferably, they suggest, existing chartered audit firms should acquire the necessary Shariah expertise to enable them to undertake the Shariah audit (Chapra & Ahmed, 2002). Thus, ideally, Shariah compliance audit would be internally and externally conducted.

Shariah compliance is predominantly internal (Abdul Rahman, 2008). Though this offers stakeholders some level of confidence and trust in the IFIs, the major issues and challenges are independence, confidentiality of institution-specific proprietary information, limited availability of professionals with both Shariah scholarship and financial skills, and inconsistency in pronouncements (Chapra & Ahmed, 2002). As a result, and coupled with the restriction of their scope of work, the SSBs rarely carry out rigorous internal Shariah review or audit (ex-ante and ex-post) on the operations of IFIs (Abdul Rahman, 2008). Although efforts have been made by some jurisdictions to address some of these issues and as well as various other challenges of IFIs by introducing external institutional structures to carry out ex-post Shariah audit, inconsistent pronouncements in different operational jurisdictions of the IFIs have derailed these initiatives (Grais & Pellegrini, 2006). The authors recommend development of a framework based on both internal and external arrangements to the firm with an emphasis on market discipline, which could serve as a guide to SSBs through standardisation and harmonisation of contracts and practices by a self-regulatory professional association. Such a framework might ensure uniformity and consistency of interpretation and improve the enforceability of legal contracts. In this framework, a review of transactions would be carried by IFI’s internal review units while external auditors would be responsible for expressing an opinion on the Shariah compliance of the IFIs’ activities.

Extending the breadth of the issues and challenges theme, the perception of accounting academicians, audit practitioners and Shariah scholars on the fundamental issues of Shariah auditing was empirically investigated (Mulyany, 2008). The essential issues relate to the understanding of the term “Shariah audit”, the appointment of Shariah auditors and their qualification requirements, areas to be audited under Shariah audit, the content of Shariah audit
reports, regulatory framework for Shariah audit practice, and the standards to be applied in performing Shariah audit. Based on the outcomes of the investigation, the study (Mulyany, 2008) calls for proper definition of Shariah audit, standardisation of certified Shariah auditors’ qualification, identification of the scope, the extent and the timing of Shariah audit, the regulation and standardisation of the content of Shariah audit reports, the establishment of an empowered and independent body to regulate and enforce the standards and the practical application of AAOIFI standards.

In yet another attempt to bridge the gap between the theory and practice, the issues of Shariah audit framework, scope of work, qualification and independence of Shariah auditors have been empirically examined (Kasim, 2009). In so doing, the gap between the desirable and the actual practice of Shariah Auditing was investigated. Kasim (2009) concludes that there exists a gap between the theory and the practice of Shariah Auditing. Similarly, there is a gap between the desired and the actual practice of Shariah audit in IFIs. This is an indication that Shariah audit function has not made any significant impact on IFIs in Malaysia (Kasim, Ibrahim & Sulaiman, 2009; Kasim, 2009). Similar to the previous proposal, a suggestion is made to further develop a Shariah audit framework, widen the Shariah audit scope and conduct regular independent Shariah audit.

Continuing the thought of their predecessors on the role of the SSBs, Besar, Sukor, Muthalib and Gunawa (2009) also claim that the role of SSBs in ensuring compliance with Shariah is similar to that of conventional auditors. The uniqueness of their study compared to the earlier studies is that their discussion focused on how a Shariah review is practically undertaken by SSBs in 2 Malaysian IFIs and its effectiveness. An attempt has also been made by the study to assess whether the practice of Shariah review at that time was adequate to justify the Shariah audit report of the SSBs and whether there is any expectation gap between the standards issued by AAOIFI and the actual Shariah review practice in IFIs. It is understood from the findings of the study that there is no regulation for Shariah review and that the AAOIFI’s standard on Shariah review was not mandatory in Malaysia; hence, none of the banks followed AAOIFI’s Shariah review standard. Nevertheless, both banks have established their own Shariah departments/secretariat to assist their SSBs, though the reports prepared by the SSBs is less comprehensive than that suggested by AAOIFI. Moreover, the report produced by the SSBs merely endorses the IFIs’ Shariah compliance in general.

In the final period (2010-2014), recurring themes including the role of auditor (Garas, 2012; Shafii et al., 2013; Yaacob et al., 2013, Ab Ghani, 2014; Najeeb & Ibrahim, 2014) and issues and challenges of Shariah audit (Yaacob, 2012; Yaacob & Donglah, 2012; Kasim & Sanusi, 2013, Kasim et al., 2013) were complemented by a new theme, Shariah internal control (Shafii & Salleh, 2010). The period began with the new theme introduced by Shafii and Salleh (2010). They maintain that Shariah audit did not yield its expected impact because the governance of IFIs is still at an infant stage. At this time Shariah compliance reporting is not supported by external independent parties, hindering accountability and transparency (Shafii & Salleh, 2010), and, in practice, only operational audit in the form of Shariah compliance audit or Shariah review is carried out, though audit consists of three elements (audit of operations, internal control, and financial statement).

Focusing on internal control, the authors (Shafii & Salleh, 2010) assert that without internal control audit, internal risk management is, in practice, left unchecked. Given that limited research has addressed the internal control measures in IFIs, their study gauges the effectiveness of internal controls of Bank Islam Malaysia Berhad (BIMB) and Bahrain Islamic
Bank (BIB), using a self-administered Shariah internal control scoring checklist. Overall, BIMB scored 97.6% and BIB 69.8%. They note that the lower score obtained by BIB did not mean its internal control system was not effective but, rather, that there was nondisclosure of information in its annual report. BIMB scored above 90%, due to its full disclosure of information. They conclude that increasing the level of information disclosure affirms the governance, transparency and integrity of the IFIs.

Shafii, Salleh, and Shahwan (2010) relate the non-existence of external Shariah compliance audit in Malaysia to the absence of a standard Shariah compliance audit framework and of audit programs that can be used as guidelines for external Shariah compliance audit. On this premise, their study proposes a Shariah compliance audit framework and audit program for IFIs. On Shariah compliance audit framework, Shafii et al. (2010) have outlined four main considerations. Firstly, the auditor starts by looking at the general rulings on Shariah compliance audit, such as the various prohibitions in Islamic financial transaction enshrined in Quran and Sunnah. Secondly, compliance to BNM’s regulatory requirements on the governance of the Shariah Committee is examined. Thirdly, the auditor provides attestation and assurance of documentation to regulations, Shariah guidelines, resolutions and other applicable Islamic accounting and auditing standards. Fourthly, they suggested that the scope of Shariah compliance audit should cover processes, systems and people. For the Shariah compliance audit program, Shafii et al.’s proposal is that it should entail designing a program to attest the Shariah compliance of the business operation and values being cultivated in IFIs. To achieve the first objective, examination of the attainment of Maqasid Shariah (Objectives of Shariah), contacts (aqad), documentation and procedures, financial considerations and screening of prohibited activities. Conversely, they propose the use of observation and interview techniques to attest the values underpinning the environment and activities of the IFIs.

In continuance of the role of the auditor’s theme, factors impacting the role of auditors (SSBs) have been further identified to include a limited number of Shariah advisors serving multiple Pakistani IFIs, leading to a potential conflict of interest and worsened by the dual role of internal and external religious audits performed by the SSBs (Rammal & Parker, 2010). To overcome the competency gap, Rammal and Parker (2010) suggest that government and the private sector need to invest in educational infrastructure to train more professionals to increase the number of qualified Shariah advisors. While maintaining the superiority of Shariah supervision over external audit and Shariah audit over internal audit, Garas (2012) finds that, in the Gulf Cooperation Council, SSB control of IFIs is significantly affected by ex-ante Shariah audit, ex-post Shariah audit, and Shariah Control Department (SCD) reporting to the SSB. Conversely, ex-ante and ex-post Shariah audits are negatively related to SSB control. Whereas it is insignificantly affected by SSB corrective actions to the management violations and the number of SSB members, frequency of SCD reporting is positively related to SSB control.

In Malaysia, the post implementation impact of Shariah audit function on the role of the Shariah Committee (SSB) was investigated pursuant to the issuing of BNM’s 2010 SGF (Shafii, Zainal Abidin, Salleh, Jusoff & Kasim, 2013). The findings indicate that Shariah audit function has a positive impact in ensuring Shariah compliance, especially on the knowledge of the product implementation process and the associated internal control. In addition, it assists the SSB members to identify possible Shariah breaches of contracts (if any), before and after product implementation. Despite its positive impact under the present arrangement, it is argued that the Shariah auditor’s role is not up to professional standards because existing providers (both Islamic and conventional educational/professional institutions) of Islamic accounting and
auditing qualifications have failed to create holistic Shariah accountants/auditors required to serve in an ideal Islamic economy (Najeeb & Ibrahim, 2014). The implication here is that it is not possible for Shariah audit to impact positively when there are no knowledgeable and well qualified Shariah auditors to conduct Shariah Auditing.

In a study to determine the extent of present Shariah audit practices in Malaysian IFIs and to evaluate the supervisory and practical challenges in the implementation of Shariah audit practices, Ab Ghani (2014) finds that almost all IFIs have documented their governance structure, audit objectives, scope, charter, process, competency standard for internal Shariah auditors, and reporting requirements as part of their Shariah audit practices. Though SSBs are familiar with Shariah audit for Shariah compliance, they are unanimous on the need to have competent internal Shariah auditors and audit guidelines as well as a proper structure for Shariah audit function in IFIs. An important finding by the author is that SSBs are overwhelmed by their supervision of internal Shariah audit and subsequent follow-ups on audit findings. This particular finding is perplexing since, as per the BNM’s SGF, Shariah audit is to be conducted by the IFI’S internal auditors with relevant Shariah qualification and/or training and directly reports to the Board Audit Committee (see, Appendix A, Figure 3.1, p. 18). On the basis of these persistent challenges facing the SSBs, the support on the motion raised by Najeeb and Ibrahim (2014) on professionalizing the role of Shariah auditors is strengthened.

Najeeb and Ibrahim (2014) propose the professionalisation of the Shariah auditor’s role and prefers Malaysia to lead the project. To achieve this professionalisation project, they outline the invention of an Association of Chartered Shariah Accountants and Auditors (ACSAA) and the establishment of an independent body to regulate members’ conduct, certification/licencing and continuous professional development. The creation of a new profession with separate regulatory framework is to “holistically train[ed] Shari‘ah accountants and auditors that can take roles of providing holistic Shari‘ah auditing services and/or Shari‘ah accounting and advisory services” (Najeeb & Ibrahim, 2014: 10). They propose two alternative routes through which ACSAA can be professionalised (see Appendix A, Figure 3.2A & 3.2B, p. 19).

Why should Malaysia lead? From an economic perspective, long-term economic benefits will accrue to Malaysia with the exportation of the profession to other countries. This rationale comes the conviction of Najeeb and Ibrahim (2014) that the worldwide exportation of accounting and auditing membership by a few predominant actors (e.g. ACCA, CIMA, CPA Australia, ICAEW, etc.) results in significant economic benefits to their respective countries of origin. In addition, Malaysia has the highest leadership support for Islamic finance (hence a strong political will for the project), having the most active and innovative Islamic capital market and is an open country, among others.

Revisiting the issues and challenges theme, Shariah auditors are still perceived to be incompetent and lacking accountability and with compromised independence (Yaacob, 2012). The primary focus is, however, on independence and accountability. Yaacob (2012) is of the view that Shariah auditors lack accountability (to an oversight body) due to the absence of Shariah compliant inspectors (Hisbah institution and the muhtasib (judge)). As a solution to the independence threat and to ensure accountable Shariah auditors, he proposes the revival of the institution of Hisbah based on its historical function in ensuring market players’ compliance to the Shariah requirements. It should be recalled, however, that as early as 1985, Khan debunked this idea because of the complexity of business arrangements and the fact that there are many bodies and institutions performing such a role in the contemporary world.
The issue of Shariah Auditing education has emerged as a new subtheme extending the depth of the issues and challenges theme. This subtheme delves into undergraduate students’ awareness and understanding of the Shariah audit term and concept, as well as their suggestions for addressing Shariah audit issues/challenges (Yaacob & Donglah, 2012). Broadly, the issues include awareness and knowledge of Shariah audit, difference between conventional and Shariah audit, Shariah audit scope, timing, qualification, appointment of Shariah auditors, having the right person to perform Shariah audit, Shariah audit framework and independence of Shariah auditors. The findings of the study (Yaacob & Donglah, 2012) are that students in Brunei have a low level of awareness and understanding of the term and concept of Shariah audit and they do not know the difference between Shariah audit and conventional audit (hence, they are ignorant of the difference between the underlying frameworks of the two extremes). The students are of the view that Shariah audit should be performed throughout the financial year, its scope should cover every single activity on a sampling basis, Shariah auditors should have a degree or professional qualification in accounting and a specialised certification in Shariah audit, Shariah auditors should be appointed by the central bank, a new regulatory body should regulate the qualification and professional development of independent Shariah auditors. More importantly, quite a number of them are indifferent as to their participation in Shariah audit educational program.

In a similar study and context, undergraduate students’ perception regarding the role and responsibilities of the Shariah auditor, the Shariah auditor’s characteristics and their current understanding of the Shariah auditor’s qualification(s) was investigated. Contrary to the findings of a previous study (Yaacob & Donglah, 2012), the results of this study (Yaacob, Shafeek & Nahar, 2013) show that students’ understanding of Shariah Auditing is limited to basic principles, and while the students have understood the characteristics and knowledge expected of Shariah auditors (including Islamic finance, Shariah, Auditing, accounting and conventional finance), they are unsure of the primary objective of Shariah Auditing. In agreement with the respondents, Yaacob et al. (2013) suggest a holistic revamp of education strategies in meeting future market demands for qualified and well trained Shariah auditors.

Following the paths of Yaacob and Donglah (2012) and Yaacob et al. (2013), in Malaysia, Shafii, Ali and Kasim (2014), explore undergraduate students’ perception of Shariah audit to determine the students’ needs for new skills and knowledge with regards to Islamic accounting (auditing). Taken a step further, they also examine whether there exist differences between the perception of students exposed to a Shariah audit course and those who have not had any exposure. As with their predecessor, Shafii et al (2014) look at students’ awareness and knowledge of Shariah Auditing, its scope, periodicity, performance responsibility and qualification, as well as students’ need and willingness to learn new desired skills. In contrast to the findings of Yaacob and Donglah (2012) and Yaacob et al. (2013) on the awareness of ‘Shariah audit’ terminology and on the knowledge of the difference between shariah audit and conventional audit, the results of the study suggest that only a minority of the undergraduate students who have never been exposed to Shariah Auditing are aware of Shariah audit as a term, and they have little understanding of the difference between conventional and Shariah audits.

However, similar to the result of previous study (Yaacob & Donglah, 2012), the views of students pertaining to the coverage of Shariah audit and its frequency indicate that Shariah audit should be conducted throughout the year with a broader scope, including audit of financial statements and all other operational activities of IFIs. Similarly, findings on qualifications of the
Shariah auditor, performance of Shariah audit and required skills and knowledge are also consistent with the results of their predecessors (Yaacob & Donglah, 2012; Yaacob et al., 2013). The majority of the students agree that Shariah audit be performed by a Shariah auditor with qualifications in both accounting and Shariah. As for the required skills and knowledge by students, the greater number rated highest, in order of importance, Islamic finance, Shariah issues, Islamic economy and interpersonal and communication skills. Finally, the students expressed their willingness to learn more about Shariah audit as one of their courses and areas related to Islamic finance and economy.

Moving from students to practitioners, the perspective of practitioners on the recurring Shariah Auditing issues and challenges has been the focus of Kasim and Sanusi's (2013) study. Specifically, they examine the perception of practitioners engaged directly and/or indirectly in the process of Shariah compliance/auditing from 21 IFIs in Malaysia on the issues of standards, the auditor’s qualification and independence. They find that practitioners are mainly following conventional standards, though compared to AAOIFI’s standards, these are insufficient. Secondly, there is a scarcity of auditors with both Shariah and accounting/auditing qualifications; only 5.9% of the practitioners are qualified. Lastly, threat to their independence prevails due to the practice of self-review. These results further affirm the relevance of prior researchers’ work on such issues and challenges. Kasim and Sanusi (2013) very directly assert that Shariah audit practice remains insignificant to regulators in Malaysia. Consequently, they call on the Malaysian Institute of Accountants (MIA) or regulators to identify and implement integrated Shariah Auditing practices, including developing a mandatory professional governance structure/code and the full implementation of AAOIFI standards in Malaysia. Also, audit firms should create policies to ensuring that partners and teams auditing IFIs are qualified to undertake Shariah audit. Finally, universities should include Shariah Auditing courses or produce accounting graduates with minor in Shariah.

This period is brought to a close by a comparative study (Kasim, Sanusi, Mutamimah, & Handoyo, 2013) examining the extent of the current Shariah audit practice in Malaysian and Indonesian IFIs. While the majority of the Indonesian respondents are external auditors from full-fledged IFIs with Shariah qualifications, the majority of the respondents from Malaysia constitute the management of IFIs, with most of them having Shariah qualifications without much experience in auditing or accounting field. The study analyses four elements of Shariah compliance auditing practices: scope, regulatory framework, qualifications and the independence of Shariah auditors. The findings show that Indonesia is lacking in all of the four elements, whereas Malaysia has a limited scope of Shariah Auditing.

In summary, SAR began with a discussion on the role of the auditor within an Islamic auditing framework and then to a focus on the issues and challenges of Shariah Auditing. In the 1980s, the dominant theme was a theoretical discussion of the issues and challenges of Shariah Auditing. This theme continued throughout the entire study period with the emergence of new subthemes. Throughout, researchers in the first and second phases have been discussing “problems” of Shariah Auditing. However, learning from such issues and challenges, a more appropriate potential solution was proposed by the rejuvenated call for professionalisation of Shariah Auditing. Nevertheless, we find that predominantly the same themes are still being discussed since 1985, with more or less the same research approach as presented in the following section.
3.3 Results by Methodology and Context

Essentially, a literature review was the overriding research technique in the first period. In the second period a blend of methods was used. In their exploratory study, Besar et al., (2009) applied a case study approach with content analysis of AAIOFI standards, Malaysian Accounting Standards Board’s Islamic Financial Reporting Standard (FRSi) and the annual reports and other documents of BIMB and BMMB. Literature review was employed by Khan (2001), Chapra and Ahmed (2002), Grais and Pellegrini (2006) and Abdul Rahman (2008). In her perceptual study, Mulyany (2008) utilised a survey method with questionnaires as the only instrument to empirically test the perceptions of accounting academicians, audit practitioners and Shariah scholars on issues and challenges of Shariah Auditing. Respondents to mail distributed questionnaires include Muslim accounting lecturers teaching in the Accounting Program at public universities in Malaysia, Muslim audit practitioners, and Shariah committee members of the Islamic commercial banks and Islamic subsidiaries of the commercial banks in Malaysia. Kasim (2009) and Kasim et al. (2009) adopted survey questionnaires and interviews to obtain responses from those involved directly or indirectly in the process of Shariah compliance/auditing in IFIs in Malaysia. The researchers aimed to obtain insight into contemporary practices and what was expected by the respondents or ‘what ought to be’ the Shariah Auditing in IFIs. A total of 155 questionnaires were distributed. However, only 85 were valid responses.

The third research period (2010-2014) saw the use of literature review and disclosure checklist (Shafii & Salleh, 2010), literature review only (Shafii et al., 2010; Yaacob, 2012; Najeeb & Ibrahim, 2014), survey questionnaire (Yaacob & Donglah, 2012; Garas, 2012; Kasim & Sanusi, 2013; Kasim et al., 2013; Yaacob et al., 2013) and case study with interview (Rammal & Parker 2010; Shafii et al., 2013). Shafii and Salleh (2010) gauged the effectiveness of internal controls of BIMB and Bahrain Islamic Bank (BIB) using a self-administered Shariah internal control scoring checklist. The checklist items were derived from GPS1 BNM: Guidelines on the Governance of Shariah Committee for the IFIs and GSIFI of AAOIFI (AAOIFI, 2008), relevant accounting standards, bank annual reports and legal standards. To extract information and apply the Shariah internal control checklist on the annual report of each bank, content analysis was employed.

In a more quantitative approach, Yaacob and Donglah (2012) used survey and self-developed questionnaires based on prior literature. The questionnaire sought to obtain the perspectives of 40 postgraduate students from 2 universities in Brunei on Shariah Auditing. A total of 27 out of 40 are considered valid responses. In a cross-sectional study, questionnaire was also employed by Garas (2012) to test five hypotheses using ordinary least square regression. The hypotheses tested were: SSB control is positively related to ex-ante audit of Shariah, SSB control is positively related to ex-post audit of Shariah, SSB control is positively related to frequency of reporting, SSB control is positively related to frequency of corrective actions, and SSB control is positively related to the number of SSB members. The respondents included the SSB members of 219 IFIs in GCC countries with an average response rate of 34.70 percent.

In yet another empirical investigation (Kasim & Sanusi, 2013), data was collected using self-developed survey questionnaire. Participants in this survey consisted of 155 practitioners directly and/or indirectly involved in the process of Shariah compliance/auditing from 21 IFIs in Malaysia. Out of the 155 participants, only 88 responded to the questionnaires distributed by mail or by hand. After accounting for invalid responses, a response rate of 55% resulted.
Following the same quantitative approach as the aforementioned researchers, Kasim et al. (2013) took a step further to examine the same recurring issues and challenges of Shariah Auditing in Malaysia and Indonesia. The 47 Indonesian respondents’ profiles indicate that majority of them were more experienced external auditors with qualifications in both Shariah and accounting/auditing who have worked as accountants/auditors in full-fledged IFIs. As for Malaysia, the majority of the 85 respondents were from the management of full-fledged IFIs having Shariah qualifications but without much exposure within the accounting/auditing field. Going a step further, the results of the survey questionnaire were triangulated using in-depth interviews with 10 selected interviewees from Malaysia and only 2 from Indonesia.

Recycling the same research approach and objectives, Yaacob et al. (2013) extended the number of universities covered by Yaacob and Donglah (2012) from 2 to 3 universities in Brunei. Also, instead of focusing on 40 postgraduate students, their targeted respondents consisted of 69 first-year undergraduate students in the field of business, finance, accounting and Shariah. They justified their choice of respondents on the grounds that students in this category do make career choices in the first two years of their university studies. Only 59 of the distributed questionnaires were usable, while 10 were invalidates for analysis. In a different context, the same methodology with an improved sample size was revisited by Shafii et al. (2014). In addition, Shafii et al. (2014) used a hypothesis testing approach. Their sample size was made up of 380 final year students, drawn from two local universities, who studied purely conventional auditing and those who studied a Shariah audit course as part of their syllabus. However, valid responses were 351 out of the total questionnaires distributed.

Finally, case studies were used at an early stage and towards the end of the period under consideration. Rammal and Parker (2010) employed a longitudinal case study of the Pakistani Islamic banking sector to investigate the issues of selection and training of Shariah advisors in IFIs. This was conducted over a period of five years (2003-2007) and involved an in-depth comparative study of two Islamic banks and four Islamic windows operating in Pakistan to comprehend their application of Shariah rules and the function of the SSBs. Primary data was obtained through interviews with managers of financial institutions, Shariah advisors, and other individuals involved in the Islamic Banking industry in Pakistan. In all, 30 individuals, identified by using both purposive and snowball sampling techniques, were interviewed over a period of five years (2002-2007). In addition, follow-up face-to-face interviews were conducted with 25 of the interviewees to ensure that their views were correctly transcribed. Rammal and Parker also analysed memos and guidelines issued by the State Bank of Pakistan, and documents issued by each case under observation. Shafii et al. (2013) similarly adopted an exploratory case study method in the Malaysian context with interviews as the instrument. They held two separate interviews with two senior Shariah Committee Members appointed prior to and after the implementation of SGF in 2011.

A mixed method approach was adopted by Ab Ghani (2014). She utilised survey questionnaires and structured interviews. The targeted respondents of the distributed questionnaires were the heads of Shariah audit, internal Shariah auditors, Shariah executives and Shariah Committee members of sixteen Islamic banks in Malaysia. The structured interviews were conducted with Shariah Committee members in selected Islamic banks. Ab Ghani (2014) examined the extent of Shariah audit practices based on the Exposure Draft of Internal Shari’ah Audit Framework (ISAF) issued by the International Shariah Research Academy (ISRA).
In brief, it is observed that studies have evolved from theoretical to empirical investigations. This might be due to the existence and institutionalisation of Shariah audit and review functions, as they offer a greater opportunity for empirical and contextual research. From the quantitative perspective, mostly the same data collection technique was employed on more or less the same sample characteristics with different sizes from different contexts. Researchers considered this approach as the most appropriate method in obtaining perspective information from respondents, notwithstanding the assertion that with the “application of multiple methods including interviews, observations, and documentary analysis, first level accounts and understandings of organisational practices can be obtained” (Rammal and Parker, 2010). Lastly, the country and comparative studies conducted in this period were in Malaysia (Mulyany, 2008; Kasim, 2009; Shaffii & Salleh, 2010; Kasim & Sanusi, 2013; Shafii et al., 2013; Shafii et al., 2014; Ab Ghani, 2014; Mohamad Puad, 2014; Najeeb & Ibrahim, 2014), Bahrain (Hood & Bucheery, 1999), Brunei (Yaacob & Donglah, 2012; Yaacob et al., 2013), Pakistan (Rammal & Parker, 2010), Malaysia and Indonesia (Kasim et al., 2013) and GCC region (Garas, 2012). Evidently, the majority of studies are from Malaysia.

4. CONCLUSION, FUTURE RESEARCH AGENDA AND LIMITATIONS
The primary focal point of this review has been to identify research trends in Shariah Auditing and to examine the prospects for future research direction. The above findings of the study allow the following conclusions to be drawn:

- Researchers’ interest in Shariah Auditing has increased over the study period, as indicated by the number of articles under analysis.
- Topics on the issues and challenges have the largest number of articles, representing over 54% of the total articles.
- The theme on the role of the auditor comes second with more than 40% of the total number of articles during the period under observation. With the distinction of the roles and responsibilities of the various actors in the governance framework of the IFIs, it is now evident that the SSBs’ role is not similar to that of auditors.
- Shariah audit internal control has received the least interest of researchers with just 5% of the total articles.
- Country case and comparative studies together have a proportion of 50% of the total articles under consideration.
- Approximately more than 50% of the articles contain some type of empirical analysis. Earlier stages were predominantly theoretical. However, extant literature is moving towards empirical studies with survey and questionnaire/interview being the main data collection method and instrument, respectively.

Whilst prior studies appear to focus on similar issues and challenges of Shariah Auditing, the pertinent issues concerning professionalisation and the status of Shariah Auditing as a discipline have not been addressed. Accordingly, future research should focus on studying Shariah audit as a profession. It is well acknowledged that Shariah Auditing will continue to receive more attention as a specific discipline because the established borderline between Shariah review and Shariah audit has, at least theoretically, cleared the confusion over the two terms. New themes should focus on the audit framework for quality Shariah audits, harmonisation of Shariah audit practice, alternative models of professionalisation of Shariah auditing practice, professionalism,
the reliance of external auditors on internal Shariah auditors and its impact on audit fees, amongst others.

Country case and comparative studies will continue to be attractive as the quest for harmonisation/global professionalisation of Shariah audit increases. Studies in the form of inter-institution and inter-country are needed to propel further investigation into the contextual professionalisation projects of Shariah audit practice. However, the main challenge in the context of professionalisation is the fact that there is no consensus as to the conditions that have to be met before a particular occupation can be termed a “profession” (Carnegie & Napier, 2010). Consequently, the path to professionalisation has been alluded to with varying degrees of accuracy in the literature (Birkett & Evans, 2005). Consequently, Arena and Jeppesen (2010) suggest that the study of professionalisation needs to be contextualised.

The central problem of prior studies, as in most accounting research, is that there is no known theory to use as a reference in creating hypotheses or models to be empirically tested (Inanga & Schneider, 2005). Most of the studies are theoretical and descriptive without any underpinning theory. On this account, we encourage future researchers to examine the applicability of theories from the sociology of professions. More importantly, Najeeb and Ibrahim (2014) and Abbott (1985) suggest that, future researchers should conduct more of empirical studies on Shariah audit professionalisation. Finally, “research isomorphism” is essential to identify and study relevant conventional auditing research issues and topics applicable to Shariah Auditing.

The review of studies presented here is not exhaustive but a humble attempt to trigger further research in the area. The limitation of this study is that it utilised limited materials written only in English language. Substantial material may be available in Arabic and other languages and if analysed could have yielded further insight into the development of SAR. Notwithstanding this limitation, it is believed that the study has offered insight and practical help to scholars in this field and to those who are beginning their research on this topic by formulating a research agenda for subsequent years. Finally, the paper will be of great value to Shariah audit professionals who wish to gain a better understanding of the current situation.

5. REFERENCES


6. APPENDIX A

Figure 3.1: *Shariah Governance Framework (BNM, 2010)*
Figure 3.2A: ACSAA Model 1 (Najeeb & Ibrahim, 2014)

Governing and Advisory Body
1. Malaysian Institute of Accountants
2. Malaysian Accounting Standards Board
3. Malaysian Institute of Certified Public Accountants
4. Ministry of Finance
5. Bank Negara Malaysia
6. INCEIF and so on...

Training & Examination Areas
1. International Accounting Standards (e.g. IFRS, GAAP, etc.)
2. Islamic Finance Standards (e.g. AAOIFI, ISPSB, etc.)
3. Sharī'ah principles (Usul Fiqh, Fiqh Mu'amalat & Islamic Law of Contracts)

Association of Chartered Shari'ah Accountants and Auditors (ACSSA)

Domestic & Export Qualifications through Malaysian High Commissions all over the world.

Qualified Members and Registered Students

Economics Benefits for Malaysia: Export forex inflows and lower forex outflows (for e.g. to ACCA, CIMA, etc.)

Figure 3.3B: ACSAA Model 2 (Najeeb & Ibrahim, 2014)

Shareholders and Advisory Body
1. IDEB Group
2. AAOIFI
3. IFSB
4. OIC
5. International Fiqh Academy Jeddah
6. Country specific central banks and accounting bodies
7. Other multilateral and relevant institutions

Training & Examination Areas
1. International Accounting Standards (e.g. IFRS, GAAP, etc.)
2. Islamic Finance Standards (e.g. AAOIFI, ISPSB, etc.)
3. Sharī'ah principles (Usul Fiqh, Fiqh Mu'amalat & Islamic Law of Contracts)
4. Optional: Country specific standards (for e.g. Malaysian standards, Saudi Standards, etc.)

Association of Chartered Shari'ah Accountants and Auditors (ACSSA)

Transmit qualifications through HQ in Malaysia and branches across member countries (for e.g. ACSAA-UAE, ACSAA-Indonesia, etc.)

Qualified Members and Registered Students

Economics Benefits for all shareholders: Export earnings and lower forex outflows (for e.g. to ACCA, CIMA, etc.)