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THE IMPLEMENTATION OF SHARIA AUDIT IN INDONESIA: A SYSTEMATIC LITERATURE REVIEW

Khairul Saleh L. Tobing[1], Syamsudin[2], Muhammad Nur[3], Kumba Digdowiseiso[4]
[1,2,3,4,5]Faculty of Economics and Business, Universitas National Jakarta
Corresponding E-mail: [1)]khairul.saleh@civitas.unas.ac.id, [2)]syamsudin@civitas.unas.ac.id, [3)]m.nur@civitas.unas.ac.id, [4)] umba.digdo@civitas.unas.ac.id

Abstract

Through a literature study, this study employs a Systematic Literature Review (SLR) approach to investigate the implementation of sharia auditing in Indonesia. The primary goal of the study is to comprehend the impact of financial report accessibility on regional financial management accountability in the context of sharia audits. Identifying related journals entails identifying ten accredited national journals that are relevant to the research topic. According to research data, only 17.54% of total Public Accounting Firms (KAP) in Indonesia use Sharia as a basis for audits. A significant issue in sharia audit practices is a lack of auditor expertise and understanding of sharia principles. The sharia audit process is also inefficient, negatively impacting the level of sharia compliance. Recommendations include increasing auditor competency and optimizing the sharia audit process. Furthermore, the implementation of sharia audits in sharia financial institutions faces the complexities of global modernity. Contemporary Islamic thought with Maqashid Syariah is expected to respond to this challenge and spur product innovation. Creating a consistent Sharia audit framework necessitates international collaboration.

Keywords: ***Audit, Sharia, Indonesia, Finance, Bank***

1. INTRODUCTION

Both Sharia and conventional financial institutions share fundamental functions, which involve gathering funds from the public and overseeing them through various means such as capital participation, insurance, leasing, and more. Nevertheless, the primary distinction resides in the fundamental principles that govern operations and transactions within these two categories of financial institutions. Sharia financial institutions adhere to fundamental principles derived from Islamic sharia (Mulyany et al., 2021). Consequently, all financial transactions and operations conducted by sharia-compliant institutions must adhere to Islamic law and refrain from contravening sharia principles. Hence, Islamic financial institutions guarantee the absence of usury (interest), gambling, and investment in businesses deemed unethical according to sharia in their products and services. Sharia financial institutions distinguish themselves primarily by ensuring that all their activities adhere strictly to the principles of Islamic sharia (Andini & Sugito, 2021). This encompasses elements such as equity, clarity, and adherence to ethical principles in Islam. Individuals who utilize the services of sharia-compliant financial institutions possess a sense of assurance that the capital they allocate or retain in these establishments is not utilized for endeavors that contradict the tenets of the Islamic faith.

The sharia banking sector in Indonesia has undergone substantial growth since its establishment in 1992, marked by the establishment of Bank Muamalat Indonesia. This progress persisted, particularly following the economic crisis in 1998, which catalyzed the emergence of additional sharia banking establishments, such as Bank Syariah Mandiri. The Indonesian government's endorsement of the implementation of Islamic economics is becoming more apparent through the enactment of various laws (Paul, 2021). The global recognition of sharia compliance in financial transactions highlights its significance. Islamic sharia-based financial concepts have gained acceptance as an alternative for markets seeking sharia compliance and conventional markets seeking additional profit sources. Indonesia has implemented tangible measures in this particular situation, such as the establishment of sharia banking institutions, guaranteeing adherence to sharia principles in financial transactions, and enacting legislation that promotes the growth of the Islamic economy. The emergence of sharia banking in Indonesia exemplifies the dedication of both the government and the market to establishing a financial system that adheres to Islamic sharia principles (Setiati, 2022). Indonesia has established a solid framework for the expansion of the sharia-based economic sector through the presence of sharia banking institutions and accompanying regulations. This has resulted in a broader range of options for individuals seeking to participate in financial activities that align with Islamic religious principles.

The exponential expansion of the sharia financial sector in Indonesia is evident in the escalating number of financial institutions that are either establishing or creating sharia-compliant business units on an annual basis. Based on the 2020 Financial Services Authority (OJK) data, Indonesia had a collective of 189 sharia banks as of June 2019. Out of this total, there are 14 Sharia Commercial Banks (BUS), 164 Sharia People's Financing Banks (BPRS), and 20 Sharia Business Units (UUS). The rise in the quantity of sharia banks, encompassing Sharia Commercial Banks that provide comprehensive banking services, Sharia People's Financing Banks that concentrate on financing, and Sharia Business Units that operate as sharia service providers within conventional banks, signifies the growing public demand for sharia-based financial products and services (Aziza et al., 2022). This phenomenon also demonstrates the successful development of diverse business models within the sharia financial sector in Indonesia, catering to individuals seeking to engage in transactions and investments aligned with Islamic sharia principles. By offering a diverse range of sharia-compliant financial institutions, individuals now have greater opportunities to select financial products and services that align with their religious beliefs and personal values (Suriry & Ainullyaqin, 2022).

According to the 2022 Islamic Finance Index survey, Indonesia achieved the fourth position among the 36 surveyed countries in the Islamic Finance Country category. In this condition, Indonesia ranks lower than Iran, Malaysia, and Saudi Arabia, but higher than Bahrain and England. This indicates favorable advancements in the Islamic finance sector in Indonesia, while also emphasizing the significance of ongoing efforts to enhance and enhance the uniformity of implementing sharia principles. As public confidence in sharia financial institutions increases, it is crucial for these institutions to uphold and enhance adherence to sharia principles. A study conducted by Bank Indonesia reveals that certain customers of sharia banks exhibit a proclivity to discontinue their patronage, primarily due to uncertainties regarding the steadfastness in adhering to sharia principles (Arafah et al., 2023). Hence, adhering to sharia principles by sharia bank managers is not merely an ethical obligation, but also a crucial tactic to establish trust among all stakeholders, encompassing customers, regulators, and the general public. Sharia financial institutions can enhance customer trust and satisfaction, as well as bolster their position in the financial market, by maintaining consistency in the implementation of sharia principles. The recognition of the significance of adhering to sharia principles also establishes a solid basis for the long-term development of the Islamic finance sector in Indonesia (Arifin et al., 2023).

The Sharia audit plays a crucial role in upholding and guaranteeing the integrity of sharia-compliant financial institutions in the implementation of sharia principles. Within this framework, sharia audits serve the purpose of not only verifying the compliance of transactions and operations with Islamic sharia principles, but also instilling trust and confidence in stakeholders, such as customers, regulators, and the general public, that the financial institution operates in alignment with sharia values. Sharia audits are gaining significance due to the rapid growth of the Islamic finance sector. Sharia financial institutions must ensure the accurate implementation of business practices in accordance with Islamic teachings to meet market dynamics and comply with sharia principles (Hasibuan, 2023). Sharia audits serve as essential control mechanisms to verify that the internal operations and transactions of Islamic financial institutions adhere to the permissible boundaries set by sharia law. The successful execution of a sharia audit is of utmost importance, as any shortcomings in its implementation can result in adverse consequences. In the event of a sharia audit failure, not only does it jeopardize the credibility of the financial institution, but it can also result in non-compliance with sharia principles. Hence, comprehensive and precise sharia audits are necessary as a potent mechanism to guarantee that sharia financial institutions function with honesty and uniformity in adhering to Islamic sharia principles (Utami, 2021).

The case concerning the performance of sharia banking, specifically involving Bank Mandiri Syariah and BNI Business Division, who received a 19% interest due to their involvement in the Indosat Multimedia Mobile (IM3) syndicated project, highlights the inadequate implementation of sharia audit and the role of the audit committee, sharia supervisory board (DPS), and internal control in overseeing the operations of sharia financial institutions, as elucidated by Fauzi & Supandi (2019). The high interest rate offered to Bank Mandiri Syariah and BNI Business Division for the IM3 syndicated project indicates that the transaction does not fully adhere to sharia principles, particularly in terms of the prohibition of riba (interest) (Saputra, 2017). Providing interest goes against the principles of sharia, which strictly forbid the inclusion of interest in financial transactions. The internal supervision and sharia audit system in the financial institution are demonstrated to be weak as they were unable to detect and prevent transactions of this nature, highlighting the shortcomings of the audit committee, sharia supervisory board, and internal control. Sharia audits are necessary to ensure that all transactions and operations conducted by sharia financial institutions adhere to Islamic sharia principles. Nevertheless, in the event that these establishments fail to adequately execute sharia oversight and audit protocols, there is a potential for transactions that contradict sharia principles to transpire, thereby jeopardizing the integrity of sharia financial institutions and eroding public confidence in the sharia financial sector as a whole (Pravitasari, 2019). Thus, instances such as this highlight the necessity for enhancements in the internal oversight system, sharia audit, and the functions of the audit committee and sharia supervisory board in guaranteeing adherence of sharia financial institutions to Islamic sharia principles. This will effectively uphold transparency, integrity, and public confidence in sharia banking.

2. RESEARCH METHODS

This study utilizes a Systematic Literature Review (SLR) methodology to examine the implementation of sharia auditing in Indonesia by conducting a thorough analysis of existing literature. The primary objective of the research is to comprehend the influence of financial report accessibility on regional financial management accountability within the framework of sharia audits. The first phase of the research entailed the identification of 10 nationally recognized journals that were accredited and pertinent to the research topic. The identification of these journals was conducted using the Google Scholar search engine, aided by the "Publish or Perish" application, to ensure the selection of pertinent journals.

After the journals were chosen, a comprehensive analysis was conducted on the content of each journal. The assessment criteria encompass factors such as the pertinence of the topic, the employed research methodology, significant discoveries, and the influence of financial report accessibility on regional financial management accountability within the context of sharia audits. Subsequently, this study consolidates a comprehensive summary of noteworthy discoveries in the existing body of literature that have been recognized. This synthesis examines key elements including the audit committee's role, the sharia supervisory board, and internal and external factors that impact the execution of sharia audits in Indonesian sharia financial institutions. This study seeks to assess the influence of financial report accessibility on regional financial management accountability, as well as to identify potential challenges in implementing sharia audits. The analysis will yield comprehensive understanding of the obstacles and prospects in implementing sharia auditing in Indonesia, and facilitate the formulation of guidelines for future advancements in the sharia financial sector.

3. RESULTS AND DISCUSSION

The research data included in this literature review comprises the analysis and summaries derived from various documented journals, particularly those focused on investigating the implementation of sharia auditing in Indonesia. The data has been condensed and organized into tables, which display significant information such as the research methodology, key findings, and conclusions from each journal analyzed in this study. This analysis and summary aim to offer a comprehensive overview of the implementation of sharia auditing in Indonesia. The information is derived from relevant journals, which are listed in the following table.

Table 1. Research Results on the Implementation of Sharia Audit in Indonesia

Researcher Name	Research Title	Year of Research	Journal	Research result
Shita Tiara and Rukmini	Implementation of Sharia Audit in Indonesia	2022	Proceedings of the Results of the Research Seminar "Hi liri sation of Research and Service To the Community Towards a Humane, Independent, International University and Islamic"	The number of Public Accounting Firms (KAP) that use sharia as a basis for conducting audits in Indonesia is still relatively low, only reaching 17.54% of the total existing KAPs. One of the main problems in sharia audit practice is the auditor's lack of expertise and understanding of sharia principles, even though they have in-depth knowledge of accounting. There are still auditors who lack mastery of sharia aspects, so the quality of human resources (HR) in sharia audit practices is a concern. Apart from that, the sharia audit process is also not optimal, and this has an impact on the level of sharia compliance. Optimizing the audit process and increasing auditor competency in understanding and applying sharia principles is expected to improve the quality of sharia audits and compliance with sharia principles in Indonesia.

Moh Khoirul Anam	Implementation of Sharia Audit in the Internal Audit Work Unit (SKAI) in Sharia Bank	2019	Emanation Journal	Based on analysis of financial reports and Annual Reports of Sharia banks, the implementation of sharia audits in the Internal Audit Work Unit (SKAI) is still not optimal. Sharia audits have not been carried out specifically by a team with special expertise in the field of sharia, which is reflected in the absence of a sharia audit department in the SKAI organizational structure. Currently, sharia audits are still carried out as part of operational audits, and are often carried out simultaneously with operational audits at a particular branch, without a specific sharia audit assignment. Thus, there needs to be an increase in the development of a sharia audit team that has special expertise in ensuring that sharia audits can be carried out in depth and comprehensively, in accordance with Islamic sharia principles.
Bayu Aprillianto, Ahmad Roziq, Aisa Tri Agustini, Yosefa Sayekti	Sharia Audit Practices in Perspective International	2017	Proceedings of the National Seminar and Call for Papers on Economics and Business	The results of analytical studies on sharia audit practices in Indonesia, Malaysia, Bangladesh and Brunei Darussalam show a similar pattern. When four aspects of sharia audit were evaluated, the study results showed that there was a gap or difference between expectations and reality that occurred in sharia audit practices in these Islamic countries. Deficiencies in shariah auditing practices among these countries highlight the need for the development of more consistent and equitable shariah auditing standards. The recommendation that emerged was the development and implementation of sharia audit standards by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) as common guidelines for these countries. These standards can be used as a reference in terms of audit framework, audit scope, auditor qualifications and auditor independence, so as to improve the quality and consistency of sharia audit practices throughout the region.
Ahmad Fauzi and Ach Faqih Supandi	Development of Sharia Audit in Indonesia (Analysis of Opportunities and Challenges)	2019	Istiqro Journal: Journal of Islamic Law, Economics and Business	Sharia audit is an independent internal sharia report or part of an internal audit, which is carried out through the approach of sharia rules, fatwas, instructions and guidelines issued by the fatwa of the IFI (Islamic Financial Institution) and other sharia supervision

				institutions. . In Indonesia, sharia auditing has great potential because the majority of the population is Muslim. However, the challenges faced in developing sharia audit involve several aspects. First, regulatory problems include inadequate sharia audit standards, lack of a sharia audit framework, and lack of support from the government. Second, human resource problems involve an imbalance in the qualifications of sharia auditors in the fields of accounting and sharia, the limited number of sharia auditors, and a lack of accountability and independence of sharia auditors. Third, audit process problems include incomplete sharia audit procedures by the Sharia Supervisory Board (DPS), non-optimality of ex-ante and ex-post audits, as well as the separation between financial audits and sharia audits. Solutions to overcome these challenges involve improving regulations, increasing the qualifications and number of shari'ah auditors, as well as unifying and improving shari'ah audit processes to effectively ensure compliance with shari'ah principles.
Qonita Mardiyah and Sepky Mardian	Sharia Audit Practices in Indonesian Sharia Financial Institutions	2015	Accountability	The results of the discussion show that the majority of respondents consider audit practices at Sharia Financial Institutions (LKS) to be quite appropriate. This can be seen from the average score of respondents from three groups, each ranging from 9 statements for 4 indicators, all of which are included in the good category. Measurements of the sharia audit framework show an average score of 3.29, which is in the quite appropriate category. Likewise with statements related to the scope of sharia audits, with an average score of 3.49, which is included in the appropriate category. Respondents also agreed that sharia auditors need to have two qualifications, which was measured by an average score of 3.91, indicating that the majority of respondents agreed that sharia auditors needed to have expertise certification in the field of sharia auditing/syariah accounting. Regarding independence, the average score of all respondents was 3.6, indicating that the

				majority of respondents believe that key players in sharia auditing in Indonesia, such as the Sharia Supervisory Board (DPS), internal auditors and external auditors, are independent from where they work. .
Muhammad Ardi and Rusti Rahayu	The Effect of Implementing Sharia Audit on Increasing Public Trust (Case Study at Amil Zakat Institution)	2018	Iqtishaduna: Journal of Islamic Economics and Finance	The implementation of sharia audits as part of internal control at the Amil Zakat Institution will be considered adequate if the important components are fulfilled, namely the existence of a zakat institution that is transparent, trustworthy, professional, and applies the principle of accountability in its operations. In the context of the Amil Zakat Institution which has carried out sharia audits, the implementation of internal control through sharia audits is expected to significantly increase public trust. Previous research also shows that the better the implementation of internal control, the higher the level of public trust in the Amil Zakat Institution, which is generally based on the results of previous research which indicates a positive relationship between the implementation of good internal control and increasing public trust in the Amil Zakat Institution (such as Zakat House).
Abdul Wahab	Implementation of Maqashid Syariah in Sharia Audit Operations in Sharia Financial Institutions	2022	J-HES: Journal of Sharia Economic Law	From the description above, it can be concluded that the implementation of sharia audit operational systems in sharia financial institutions faces complex challenges due to modernity and global industrialization. Therefore, contemporary Islamic thought, with methods such as ulus al-fiqh and qawa'id al-Fiqhiyyah, needs to adapt to changing times and realities. Maqashid Syariah is a relevant basis for developing sharia audit systems, practices and operations in responding to dynamic contemporary problems, because it focuses on the benefit and welfare of society. Implementation of Maqashid Syariah in sharia audits at Sharia Financial Institutions can protect aspects of religion, soul, mind, assets and descendants, providing true benefits. The application of this principle also spurs Islamic banks and Sharia Financial Institutions to develop and create new products creatively, so that they can compete with conventional financial institutions.

Brenda Rahmawati, Kusni Hidayati, and Ali Rasyidi	Implementation of Internal Audit on Financial Reports of Panin Dubai Syariah Bank Ngagel Surabaya Branch	2017	Journal of Accounting Economics	Based on this information, it can be concluded that Panin Dubai Syariah Bank has not fully complied with international standards issued by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions). There is a discrepancy between the financial reports they apply and PSAK No. 59, where Panin Dubai Syariah Bank only uses 4 types of financial reports out of a total of 8 types recommended for sharia banks. Apart from that, in distributing zakat and benevolence funds, their focus is only on building mosques and the poor, without covering other aspects which are also important in the zakat and benevolence program. Thus, further efforts are still needed to comply with international standards, expand the types of financial reports, and expand the scope of distribution of zakat and benevolent funds so that they comply with sharia principles and applicable standards.
Dyah Pravitasari	Sharia Audit of Sharia Financial Institutions to Realize Good Corporate Governance (Multi Site Study of Baitul Maal Wat Tamwil in Tulungagung and Sharia People's Financing Bank in Kediri)	2019	Profit: Journal of Economic and Banking Studies	Sharia audits in Sharia Financial Institutions rely on the important role of internal audit, which has a big responsibility in realizing good institutional governance. Internal auditors support the integrity, transparency and accountability of financial reports with the cooperation of public auditors. Through audit activities, accountability in the management of BMT and BPRS assets can be realized, as well as encouraging social responsibility to members and the general public. The implementation of institutional governance at BMT and BPRS has gone well, realized through policies that are adhered to by all internal departments, implementation of Good Corporate Governance (GCG), as well as compliance with the rules set by the Financial Services Authority. However, there are still several weaknesses, including the lack of employee commitment in achieving the financial institution's goals and objectives optimally.
Mutiara Kemala Ratu and Vhika Meiriasari	Comparative Analysis of Sharia Audits in Islamic Financial Institutions in Southeast Asia	2021	Proaction Journal	In the context of the development of sharia accounting in the world, the need for sharia functions in sharia financial institutions is increasing, especially in

	(Literature Study in Indonesia, Malaysia and Brunei)			terms of sharia audits to check the sharia compliance of a financial institution. Although the importance of developing a sharia audit framework has been recognized, there are no general provisions in the Sharia Governance Framework. Currently, each sharia financial institution still has diversity in setting their own sharia audit framework. Therefore, it is realized that sharia regulators in each country should develop and implement a sharia audit framework that applies generally to all sharia financial institutions in their country. Even though this research focuses on Indonesia, Malaysia and Brunei Darussalam, it needs to be acknowledged that there are still limitations in the scope of this research regarding the number of countries that are research subjects, so further research is needed to get a more comprehensive picture.

Upon analyzing the provided table, it is evident that sharia audit practices in Indonesia encounter numerous challenges. Currently, the utilization of sharia as a foundation for audits in Indonesia remains limited, accounting for only 17.54% of the total number of Public Accounting Firms (KAP) in existence. The significant issue in sharia audit practices is the absence of auditor proficiency and comprehension of sharia principles. In addition, the sharia audit process is suboptimal, which consequently impacts the degree of sharia compliance. Suggested measures include enhancing the proficiency of auditors in comprehending and implementing sharia principles, as well as streamlining the sharia audit procedure. Furthermore, the integration of sharia audits in sharia financial institutions encounters intricacy as a result of contemporary advancements and worldwide industrialization. Hence, it is imperative for modern Islamic ideology, employing techniques like ulus al-fiqh and qawa'id al-Fiqhiyyah, to adjust itself in accordance with evolving circumstances and conditions. The incorporation of Maqashid Syariah in sharia audits within Sharia Financial Institutions aims to protect the domains of religion, spirituality, intellect, wealth, and lineage, while also ensuring genuine advantages and fostering product innovation to enhance competitiveness against conventional financial institutions. Nevertheless, there are persistent obstacles in establishing a uniform and fair sharia audit framework in Indonesia, Malaysia, and Brunei Darussalam. Overcoming these challenges necessitates inter-country collaboration to accomplish this objective.

Discussion

According to the findings of Saputra's (2017) research, a robust internal control system has a substantial and adverse effect on banking fraud. Consequently, the presence of a robust internal control system within the banking industry is critical for averting intentional fraudulent activities motivated solely by personal gain. Aside from that, effectively executed internal audits have a considerable and detrimental impact on fraudulent activities, demonstrating that banks can mitigate the risk of incurring losses and control the extent of fraudulent activities by instituting a meticulous inspection system on their operational activities. In conclusion, the adoption of Good Corporate Governance (GCG) has a substantial and adverse effect on fraudulent activities, thereby substantiating the notion that GCG is a viable framework that can assist financial institutions in effectively accomplishing their overarching objectives and goals.

According to a study conducted by Minarni (2014), corporate governance, Sharia audits, and supervision of Sharia banks are crucial components in preserving the sustainability and integrity of Sharia financial institutions. Nevertheless, it is critical to bear in mind that this oversight lacks the capacity to supplant the function of bank management and does not furnish an unequivocal assurance against failure, loss, or insolvency. Symmetric information, human error, unsupportive policies and regulations, ambiguous incentives and penalties, and other elements can all contribute to the instability of Sharia financial institutions. In order to ensure efficacy in its oversight responsibilities, Bank Indonesia, the banking supervisory authority in Indonesia, must provide complete backing for the National Sharia Council (DSN) and the Sharia Supervisory Board (DPS) in their efforts to supervise Sharia banking. Assurances of autonomy, beneficial incentives, and transparent responsibility must be furnished to the DSN and DPS in this particular scenario. Furthermore, it is imperative to collaborate with the Ministry of Finance in order to establish stringent regulations and policies pertaining to incentives and penalties for Sharia bank management that adheres to the principles and regulations of Sharia. In accordance with AAOIFI audit standards that are applicable to all Sharia Financial Institutions (LKS), Sharia audits must be conducted using the proper methodology. To ensure accurate results, every effort must be made to minimize weaknesses in the audit system, such as human error and asymmetric information. Additionally, corporate governance must be enhanced so that the organization can make a positive and sustainable contribution to the economy and society as a whole, in accordance with its social responsibility to society and all stakeholders.

Utami (2021) underscored the criticality of government support, particularly that provided by the Financial Services Authority (OJK) and Bank Indonesia (BI), in order to ensure the continued operational efficiency of sharia financial institutions in the coming years. It is also necessary for all involved parties to continue socialization with the public in order to increase public awareness of the existence of sharia financial institutions. The proliferation of sharia financial institutions in Indonesia and the growing public consciousness regarding the sharia economy are fostering prospects for the advancement of sharia audits. It is imperative for all sharia financial institutions to adhere to good governance and sharia principles, as mandated by the regulations established by Bank Indonesia, OJK, DSN-MUI fatwas, and AAOIFI. Efforts are being made to enhance the proficiency of sharia auditors in Indonesia through the following: 1). Ensuring that educational institutions can adequately address industry demands with regard to sharia supervisory boards; 2). Fostering collaboration between DSN-MUI and OJK in the development of mandatory sharia supervisory board certification; and 3). Updating the knowledge and skills of sharia supervisory boards. While this study is restricted to a literature review and does not incorporate field research to validate real-world conditions in industry and regulations, future investigations should incorporate field research to facilitate a more comprehensive dialogue between theory, practice, and regulations. Furthermore, it is critical to contemplate the formation of a specialized organization comprised of sharia auditors, which could provide enhanced assistance to sharia financial institutions with regard to obstacles and prospects.

4. CONCLUSION

From the research findings outlined in this literature, various deductions can be made. The practice of sharia audits in Indonesia encounters several challenges, including the limited utilization of sharia as a foundation for audits, insufficient expertise and comprehension of sharia principles among auditors, and suboptimal sharia audit procedures. Suggestions entail enhancing the proficiency of auditors and streamlining the sharia audit procedure to enhance the quality of audits and ensure adherence to sharia principles. Furthermore, the introduction of sharia audits in sharia financial institutions encounters intricacy as a result of contemporary advancements and worldwide industrialization. Contemporary Islamic thought, utilizing Maqashid Sharia, is expected to address these challenges and safeguard various aspects of religion, spirituality, intellect, wealth, and progeny. Sharia audits can assist sharia financial institutions in enhancing their development and competitiveness vis-à-vis conventional financial institutions within this particular framework.

In addition, government support, particularly from the OJK and Bank Indonesia, plays a crucial role in ensuring the efficient operation of Islamic financial institutions. All stakeholders involved must continue to engage in the process of socializing individuals to the community. The process of enhancing the proficiency of sharia auditors and advancing sharia audits aligns with the growth of sharia financial institutions in Indonesia. Nevertheless, this research is limited as it lacks field studies to verify the prevailing conditions in the industry and compliance with regulations. Hence, it is imperative for future studies to incorporate field research in order to acquire a more profound comprehension of sharia audit practices in Indonesia. In addition, establishing a dedicated organization of sharia auditors can be a beneficial measure to enhance the effectiveness of sharia-compliant financial institutions. This organization would provide greater emphasis on addressing current opportunities and challenges.

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