

The Role And Competence Of Sharia Auditors In Supporting The Performance Of Sharia Banking

Umi Suswati Risnaeni¹, Amalus Sholeha²

¹Institut Agama Islam Syarifuddin, Jl. Pondok Pesantren Kiai Syarifuddin Lumajang,
67358, Indonesia

²Institut Agama Islam Syarifuddin, Jl. Pondok Pesantren Kiai Syarifuddin Lumajang,
67358, Indonesia

E-mail: 1umisuswati@gmail.com²amalusholeha@gmail.com

Abstract: This article aims to provide an overview of the role of shariah halal auditors in the guarantee system in sharia banking in Indonesia. Sharia banking is a financial institution that must be examined and tested with smart products, and it is operated by an independent institution which is a "sharia auditor" and must be considered by sharia auditors, namely sharia bank financial statements, SOP (System Operating Procedures), Sharia Human Resources (HR), Sharia supervisory board, and sharia product structure. Monitoring shari'ah banks and monitored by internal or external shari'ah auditors, while guarantees in Islamic law are divided into two namely: personal guarantees and property guarantees and are known as "kafalah or rahn". The institution controls or monitors that internal or external shariah auditors must carry out internal shariah reviews conducted by shariah compliance officers, who control or monitor shariah compliance and "fatwa" decisions, instructions, guidelines, issued by the Shariah Oversight Board of the financial institution. Sharia review, sharia internal review and sharia audit are important processes to ensure a halal assurance system for the operational activities of sharia financial institutions and their sharia products. Reports and recommendations from the Sharia Monitoring Board will be submitted to the National Sharia Monitoring Board for consideration.

Keywords: Auditor, Halal Assurance, National Sharia Council.

Introduction

Generality, Islamic and conventional financial institutions can be said to have the same function, namely to collect funds from the public and manage them in the form of equity participation, insurance, leasing and so on. However, in some cases, Islamic financial institutions have different treatment because the transactions that apply in Islamic financial institutions are very special when compared to conventional financial institutions (Umam 2015). One of them, there is a guarantee that what they are doing is in accordance with the fulfillment of Islamic law and there is a belief that what has been done does not violate sharia principles (Ardi 2017).

The economic sector in the field of Islamic banking in Indonesia began with the birth of Bank Muamalat Indonesia in 1992. Then, after the economic crisis in 1998, the next Islamic banking was born, namely Bank Syariah Mandiri. Subsequently, there were several laws (UU) in succession as a form of government support for the advancement of the application of Islamic economics in Indonesia. The concept of Islamic sharia-based finance has been widely accepted in the world and is a good alternative for markets that require sharia compliance (sharia compliance), or for conventional markets as a source of profit (Fauzi and Supandi 2019).

Along with the growth of public trust in Islamic financial institutions,

Islamic financial institutions need to maintain and improve the consistency of the application of sharia principles. Because the results of research by Indonesias Bank stated that customers who use the services of Islamic banks, some have a tendency to stop being customers, partly because of doubts about the consistency of the application of sharia principles. So that the fulfillment of sharia principles by Islamic bank managers is needed to foster the trust of all stakeholders (Wardayati 2011).

The wide scope of sharia audit results in sharia auditors not only having the obligation to check the fairness in the financial statements of Islamic Financial Institutions (LKS), but also having to check the conformity of LKS to applicable sharia principles, so there is a need for sharia auditors who have competence in the field of finance/auditing. and sharia. In Indonesia itself, the need for competency tests for sharia auditors is facilitated by the Indonesian Institute of Accountants (IAI) (Dewi and Sawarjuwono 2019).

DISCUSSION

The Urgency of the Role of Sharia Auditors to Support Sharia Bank Performance

Islamic Banks are part of Islamic Financial Institutions (LKS) which have different characteristics from conventional entities. This

difference in character affects the form and standards in the supervision activities of Islamic banking institutions including the implementation of the audit (Minarni, 2013).

Yacob and Donglah (2012) stated that the need to fulfill this sharia aspect has encouraged the emergence of a sharia audit function. Akbar et al. (2015) said that sharia audits can provide assurance to stakeholders and are urgently needed to respond to the development of the Islamic finance industry. So if there is a failure in the shariah audit, it will have a bad impact and even lead to failure in fulfilling sharia principles it self.

The problem that exists in sharia auditing in Indonesia is that the number of sharia auditors is limited, because quality human resource supply agencies have not been able to meet the needs of the industry. One of the reasons is the long time lag, where the industry needs human resources in a short time, while HR supply institutions (Educational Institutions) take a long time to prepare the needed human resources (Febrian 2019). Based on data from the Indonesian Institute of Accountants in 2020 there are only about 97 people who have education/training certificates in the field of sharia. Meanwhile, based on Islamic Banking Statistics data from the OJK, the growth of Islamic financial institutions, especially Islamic banks until June 2019 in Indonesia amounted to 189 Islamic banks consisting of 14

Sharia Commercial Banks (BUS), 164 Sharia People's Financing Banks (BPRS), and 20 Sharia Business Units (UUS). This is not balanced between the capacity of sharia auditors with the existing sharia industry. Second, the auditors provided by the HR supplying agency with the auditors needed by the industry experienced a mis-match of qualifications. Ideally a sharia auditor has an integrative competence between general knowledge, sharia, and contemporary industrial business. So that currently the one who audits the Financial Statements (general audit) is the general auditor and the one on the sharia side is the Sharia Supervisory Board (DPS). In practice, sharia audits as well as sharia audit supervision in Indonesia are still complementary to the audit process because sharia audits are still the responsibility of the Sharia Supervisory Board (DPS) not sharia auditors (Febrian 2019).

Audit Competence

Definition of competence audit

Based on the LOMA Competency Dictionary (1998) in Lasmahadi (2002), competence is defined as aspects of a worker's personality that enable a person to achieve superior performance. These personal aspects include traits, motives, value systems, attitudes, knowledge and skills where competence will direct behavior, while behavior will produce the performance.

Susanto (2002) describes that the competencies that are often used are characteristics that embody individuals in achieving performance superior. Competence is also an ability, skill and expertise related to work, or the skills needed to non-routine jobs. The definition of competence for the auditing field can be measured by experience

Ashton (1991) points out that in the psychological literature, knowledge specificity and length of work experience as important factors to improve competence. Ashton also explained that competency measures are not enough just experience but other considerations are needed in making a good decision.

Auditor competence

According to Siti Kurnia Rahayu and Ely Suhayati, auditor competence means that the auditor must have the ability, expertise, and experience in understanding the criteria and in determining the amount of evidence needed to support the conclusions to be drawn. According to Mai Elva Sundari, auditor competence is a qualification required by auditors to carry out a proper performance audit.

According to Al-Haryono jusup: in carrying out to arrive at a statement of opinion, the auditor must always act as an expert in the field of accounting and auditing. In order to fulfill the requirements as a

professional, the auditor must undergo sufficient technical training. This training should cover both technical and general education aspects.

The process of acquiring expertise which is divided into five stages according to Dreyfus in Siti Nur Indah:

- a. The first is called novice, which is the stage of recognizing reality and making opinions based on available rules. Expertise at this first stage is usually owned by novice audit staff who have just graduated from college or are often called junior auditors.
- b. The second is called advanced beginner. At this stage the auditor is very dependent on the rules and does not have sufficient ability to rationalize all audit actions.
- c. The third is called competence. At this stage the auditor must have sufficient experience to deal with complex situations.
- d. The fourth is called proficiency. At this stage everything becomes routine, so that the auditors tend to depend on past experience in their work.
- e. The last is expertise. At this stage the auditor knows something because of his maturity and understanding of existing practices. It can be said that at this stage an

auditor is experienced in handling a case, an auditor relies on his "institution", not depending on existing regulations.

According to I Gusti Agung Rai, in order to be successful in conducting an audit, an auditor must have good personal qualities, adequate general knowledge, and special expertise in the field. The good personal qualities are;

- a. Curiosity
- b. broad minded
- c. Able to handle uncertainty
- d. Being able to accept some findings can be subjective
- e. Able to accept that there is no easy solution
- f. Able to work together in a team.

It can be concluded that auditor competence is a person's skills and expertise in this case, namely the auditor who allows him to carry out audit work to the fullest.

Auditor competency indicators

Based on the construct proposed by de angelo, auditor competence is proxied in two ways, namely knowledge and experience. These two things can be described as follows;

a. Knowledge of accounting principles and auditing standards is related to the auditor's knowledge of accounting principles and auditing standards which will later be used when the auditor conducts an examination.

b. Knowledge of the client's type of industry

The auditor's knowledge of each client industry that will be audited is very important to know the competence of an auditor

c. Formal education that has been taken

Formal education is one of the important prerequisites that must be possessed by an auditor as a basis for carrying out audit tasks

d. In addition to formal education, auditors are also required to have special skills which will increase client confidence

e. Number of clients that have been audited

The number of clients who have been audited can be a measure of an auditor's experience because the more clients audited, the more experienced the auditor becomes.

f. Experience in conducting audits

Auditor experience in auditing is a very important factor to see the competence of an auditor.

g. Types of companies that have been audited

Auditor experience can also be seen from the type of company that has been audited, because the more types of companies that have been audited by the auditor, the auditor's expertise will also increase. The description of competency indicators according to de Angelo, the researchers used the indicators mentioned above to see their effect on audit quality.

Role of Sharia Auditor

The role of sharia auditors is highly dependent on their competence.

Competence can be classified as a behavioral dimension related to superior job performance in which certain people perform better than others. In addition, competence is also related to technical skills, abilities and knowledge to do work, especially work with professional or expert elements. Competencies can even be generic or organizational specific. competence is a combination of relevant attributes such as knowledge, skills, abilities and attitudes as the basis for measuring the general competence of auditors.

Future accounting graduates to understand the application of different standards in the world of Islamic accounting as different standards have been adopted by different Muslim countries.

The business environment influences the choice of accounting standards in Muslim countries. Scholars must understand international accounting standards. Higher training is urged to start new programs and training for Islamic banks. Currently there is a strong need for proper training on sharia concepts as most of the trained bank officers are from conventional backgrounds. Findings at Malaysian Islamic Financial Institutions (LKS) : only 5.9% of respondents met sharia and accounting or auditing qualifications, compared to 69% who admitted to practicing sharia auditing at Malaysian LKS.

Implementation of the Halal Assurance System

The halal assurance system in its application must be described in writing in the form of a halal manual which includes 5 aspects including;

a. Company policy statement regarding halal (halal policy)

The company's halal policy is a policy taken by the company regarding halal production. The company needs to describe in detail the policies taken in relation to this halal, namely whether the company only produces halal ingredients or non-halal ingredients. The halal policy is the headline that will determine the work direction of the company concerned. Companies must clearly formulate halal policies to be further elaborated in the form of SOP.

b. Halal guidelines (halal guidelines)

The halal guide is a description of halal haram according to the strength of Islamic law. Halal guidelines must be formulated clearly, concisely and detail so that they are easily understood by all levels of management and employees.

c. Halal organization system

The halal organizational system is an organizational system that is responsible for the implementation of the halal assurance system. In the halal organizational system, an organizational structure is described which consists of top management representatives and related fields, including; quality assurance (QA),

quality control (QC), purchasing (purchasing), research and development (R&D), production and trading. Each of these areas is coordinated by an internal halal auditor.

d. Description of the critical control points of product prohibition

To prevent errors and irregularities in halal production, companies need to know and determine the critical points of product prohibition. This critical point refers to the halal guidelines that have been made, which include the materials used for production, as well as the stages of the process that may affect the product's illegitimacy.

The following steps can be used to formulate haram analysis critical control points

1. Determine and access all haram and unclean materials
2. Determine the control points of control
3. Create monitoring procedures
4. Take action to correct
5. Establish a recording system
6. Create a verification procedure.

e. Internal halal audit system

The internal audit system is an auditing system carried out by the company periodically to evaluate the implementation of the halal assurance system.

Bank activities have a high risk because they deal with very large amounts of money so that it can lead to the intention of the people involved in committing fraud. If this concern occurs, it can certainly result in losses for the bank. Therefore, in carrying out its control, it is necessary to create a multilayer audit system.

Halal manuals must be made in detail tailored to the conditions of each company so that they can be implemented properly. Introduction The HAS Manual consists of; Basic company information, application objectives and scope of application.

Halal guidelines are a system that binds all elements of the company. Thus, it must be disseminated to all employees in the company environment, not only known by the management.

Performance appraisal concept

Accounting and financial reporting of a government unit, providing financial information that is useful for making economic, political and social decisions. To show accountability and accountability of government officials for the tasks assigned to

them. The financial information is also useful for evaluating managerial and organizational performance.

The use of government unit financial information according to Jones & Pendlebury (1996) can be classified into five groups, namely:

1. Governing bodies
2. Investors and creditors
3. Resource providers
4. Oversight bodies
5. Constituents

And the information needed

is

1. Financial viability
2. Fiscal compliance
3. Performance management
4. Cost of services provided

According to FASAB (federal accounting standards advisory board 1994) states that there are four groups of users of financial information namely: citizen (including news media, pressure groups, state and local legislatures and executives, analysts), the legislative branch (including their staff), and two groups in the executive branch, namely the senior members and the program managers.. if the terms of federal financial reporting, they are assumed to have four needs"

1. Budgetary integrity
2. Operating performance
3. Stewardship

4. Deterring fraud, waste and abuse.

To meet the needs of financial users, the financial statements presented must be audited by an independent auditor. The audit contribution is also to see government accountability in real terms, assessing the integrity, performance and accountability of government activities. In this public sector, the legal influence on audit practice is greater, so that auditing in this public sector places an auditor at least based on financial audits and regularity, and further on value for money assessments. So the audit in the public sector is aimed at providing assurance about internal control within the governmental entity and its compliance with laws and regulations.

Although there are already standards and a professional code of ethics, cases of collusion and corruption or misappropriation are still common, so that people begin to doubt the auditor's commitment to his professional code of ethics. If the standard code of ethics is implemented correctly and consistently, then cases of deviation should not occur.

According to Hunt and Vitel 1986, in Khomsiyah and Nur Indriantoro 1998 that the ability of a professional to be able to understand and be sensitive to ethical problems in his profession, is strongly influenced by the cultural environment or society. The passive attitude of the community, the weak supervision system of the auditee professional organization towards its members, unhealthy cooperation between BPKP and clients, also affects the ethical behavior of editors.

The concept of guarantee in Islamic law

One of you who have believed, do not eat each other's wealth in a false way, except by way of commerce which is carried out with mutual consent between you. and do not kill yourselves; Verily Allah is Most Merciful to you. And whoever does this in violation of rights and wrongdoing, then we will put him in hell. that is easy for Allah. (Surat an-Nisa: 29-30)

Collateral is one of the elements in financing analysis. Therefore, the goods submitted by the customer must be assessed at the time of the financing analysis and must be careful in assessing these goods because the price stated by the customer does not always indicate the

actual price (the market price at that time). In other words, customers sometimes overestimate the collateralized goods above the actual price (over value). An assessment that is too high can result in a financial institution being in a weak position. If liquidation/sale of collateral is unavoidable, this situation can bring financial institutions to a loss because the proceeds from the sale of collateral will usually be lower than the original price and the market price at the time the collateral will be sold so that it cannot cover the customer's obligations to the financial institution.

In general, guarantees in Islamic law (fiqh) are divided into two; guarantees in the form of persons and guarantees in the form of property. The first is often known as *daman* or *kafalah*. While the second is known as *rahn*. Therefore, the following discussion will review these two kinds of terms.

a. *Kafalah*

Kafalah according to etymology means *al-dhamanah*, *hamalah* and *za'aamah* the three terms have the same meaning, namely guarantee or bear. Meanwhile, according to terminology, *kafalah* is a guarantee given by *kafiil* to a third party for obligations that must be fulfilled by a second party. *Kafalah* is considered valid according to Islamic law if it fulfills the pillars and conditions;

1. *Kafiil* (the person who guarantees), is required to be mature,

intelligent, not hindered from spending wealth (*mahjur*) and done with his own will.

2. *Makful lah* (the person who owes/entitles to receive the guarantee), the conditions are known by the person who guarantees, is willing (accepted), and is present at the time the guarantee contract occurs.
3. *Makful anhu* (person who is in debt/guaranteed), must be known by the insurer, and is still alive (not dead).
4. *Madmun bih* or *makful bih* (guaranteed debt/liability), is required; is a debt/achievement that must be paid or fulfilled, becomes his responsibility (*makful anhu*), and can be submitted by the guarantor (*kafiil*).
5. *Lafadz ijab qabul*, it is required that the state of *lafadz* means guarantee, does not depend on anything and does not mean temporary.

b. *Rahn*

Etymologically, the word *ar-rahn* means permanent, eternal, and guaranteed. The *ar-rahn* contract in positive legal terms is referred to as collateral/collateral. Meanwhile, according to the term *ar-rahn*, assets are assets that are used by the owner as debt guarantees that are binding. Based on the definition derived from the Maliki school of thought, the object of collateral can be in the form of material, or benefits, both of which are assets

according to the majority of scholars. Objects that are used as collateral (collateral) do not have to be submitted actually, but they can also be submitted legally, such as making the fields as collateral (collateral), so that what is submitted is the guarantee letter (field certificates). In contrast to the above definition, according to the scholars of Syafi'iyah and Hanabilah, ar-rahn is: Making material (goods) as collateral for debts, which can be used as debt payers if the debtor cannot pay the debt.

Rahn is considered valid according to Islamic law, if he has fulfilled the following pillars and conditions:

- a. The condition related to the person who has the contract is the ability to act legally. According to the majority of scholars, the ability to act legally is a person who has reached puberty and has reason. Meanwhile, according to Hanafiyah scholars, the two parties to the contract are not required to be mature, but only reasonable. Therefore, according to them, a mumayyiz child may perform a rahn contract, provided that the ar-rahn contract performed by a mumayyiz child has the approval of his guardian.
- b. Terms of shigat (pronunciation). Hanafiyah scholars say in the contract that ar- conditions or associated with the future because ar-rahn is the same as a sale and purchase contract. If the contract is accompanied by certain conditions or related to the future,

then the conditions are void, while the contract is valid. For example, a person who owes a debt requires that if the grace period of the debt has expired and the debt has not been paid, then the ar-rahn is extended for one month; or the debtor requires that he may use the collateral property

c. The conditions for al-marhum bihi (debt) are: (1) it is a right that must be returned to the person who owes the debt. (2) The debt may be repaid with the collateral. (3) The debt is clear and certain.

d. The requirements for al-marhun (goods that are used as collateral), according to fiqh experts are: (1) the collateral (collateral) may be sold and its value is equal to the debt, (2) the collateral is valuable and can be used, (3) the collateral it is clear and certain, (4) the collateral is the legal property of the debtor, (5) the collateral is not related to the rights of others The collateral is a complete asset, not scattered in several places, and (7) the collateral may be handed over, both in terms of material and benefits

REFERENCES

Abdul Naser Hasibuan, Rahmad Annam, Novinawati. 2020 *Audit Bank Syariah*, Jl Tandra raya No.23Rawamangun-jakarta KENCANA

Badan Standarisasi Nasional. 2000. *Standar Nasional Indonesia (SNI) 19-9001 2001.Sistem Manajemen*

Mutu Persyaratan. Jakarta:
Badan Standarisasi
Nasional

Ibn Rusyd, *Bidayatul Mujtahid Wa
Nihayatul Muqtashid*, II, h. 268 ;
Imam alkasani, *Op.Cit.*, h. 135 dan
ad-Dardir, *Op.Cit.*, Jilid III, h. 264