

**REVIEW OF LITERATURE ON SHARIAH GOVERNANCE AND AUDIT
IN ISLAMIC BANKS**

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Abstract	<p><i>This study review delves into the critical realm of Shariah governance and auditing within Islamic banks. It examines the pivotal role played by Shariah governance, chiefly orchestrated through the Shariah Supervisory Board (SSB), in overseeing and regulating the operations of Islamic banks, ensuring their transparency, credibility, and strict adherence to Shariah principles. Deviating from established Shariah governance processes can lead to a lapse in Shariah compliance, raising concerns about the activities of Islamic banks. Furthermore, the review addresses a longstanding concern that has persisted for over three decades, revolving around Shariah auditing in the evolving Islamic financial industry. It acknowledges that obtaining comprehensive insights into the current state of Shariah audit research has proven to be a challenging endeavor. Consequently, the review underscores the imperative need to evaluate the landscape of Shariah audit research. The primary objective of this literature review is to employ an inductive approach, effectively examining and portraying the current state of Shariah auditing practices. Additionally, it highlights the intention to analyse past literature comprehensively, focusing on evaluating Shariah governance and the auditing process within Islamic banks. The findings from the reviewed studies underscore the significant and multifaceted impact of Shariah auditing and governance on the overall performance of Islamic banks, further emphasising the importance of strengthening regulatory frameworks and professional standards in this domain. The reviewed research also suggests promising areas for future inquiry and policymaking to enhance the effectiveness and credibility of Shariah compliance within Islamic financial institutions.</i></p> <p>Keywords: <i>Framework, Shariah, Governance, SSB, Audit.</i></p>
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INTRODUCTION

Shariah supervision plays a pivotal role in assessing the alignment of operations within Islamic financial institutions with Islamic law principles, as outlined in issued fatwas and authoritative judgments. This process also evaluates the institutions for transparency, accountability, fairness, integrity, and autonomy. The Shariah supervision structure consists of two main components: the Shariah Supervisory Board, responsible for issuing fatwas and addressing theoretical matters, and the Shariah Supervisory Department, which oversees the practical implementation of the board's rulings. The oversight occurs in various stages, encompassing pre-, concurrent, and post-execution phases.

Shariah supervision is vital for infusing an Islamic character into commercial transactions and financial activities in the context of Islamic banks. The scope of Shariah supervision is vast and encompasses offering insights on investment practices, infusing

Islamic law into banking transactions, evaluating banks' adherence to Shariah principles, and fostering awareness through events, seminars, and scholarly research. The outcome of Shariah supervision significantly influences the extent to which Islamic institutions comply with the tenets of Islamic Shariah, guided by the decisions and fatwas of the Shariah Supervisory Board. These directives are to be followed by the bank's management based on Islamic standards established by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), an international nonprofit organization.

This study aims to investigate and provide new perspectives on the current framework of Shariah internal audit implemented within Islamic banks. The explicit objective is to help Shariah supervisory bodies, whether at the bank or national level, address challenges and enhance their practices in implementing internal audits.

METHODOLOGY

To accomplish the goals of this study, "Shariah Supervision in Islamic Banks," we will employ a qualitative approach with a global perspective. Our research will encompass multiple jurisdictions and Islamic financial institutions (IFIs) from various regions, allowing us to comprehensively understand Shariah auditing practices and challenges on a global scale.

We will use the inductive approach to extrapolate from the reality of Shariah auditing in IFIs worldwide, providing an accurate assessment of the validity of the Shariah audit process and its challenges. Additionally, the study will employ an analytical-deductive technique to analyze these issues, solicit solutions, and offer recommendations based on the collected data.

Furthermore, this study will incorporate a thorough review of recent literature to produce comprehensive data that can be utilized to evaluate the effectiveness of Shariah auditing practices in Islamic institutions across different jurisdictions.

LITERATURE REVIEW AND DISCUSSION

The Influences of Shariah Governance Mechanisms on Islamic Banks' Performance and Shariah Compliance Quality

Alam et al. (2022) investigate the impact of Shariah governance (SG) mechanisms on the performance and Shariah compliance quality of Islamic banks in Bangladesh. The research employed a semi-structured personal interview approach and gathered data from regulators, Shariah supervisory boards, Shariah department executives, and Shariah experts at Bangladesh Bank and Islamic banks in Bangladesh.

The findings reveal that the quality of the Board of Directors (BODs), Shariah Supervisory Board (SSB), management, and Shariah executives can both positively and negatively affect the Shariah compliance quality, image, goodwill, and overall performance of Islamic banks in Bangladesh. Specifically, the composition, formation, and quality of the SSB and Shariah officers positively influence the issuance of fatwas, Shariah decisions, compliance quality, and firm performance. The study also identifies that external factors such as banking pressure, the current political situation, the willingness of BOD and management, and societal constraints impact Islamic banks' performance, Shariah compliance quality, image, and reputation.

Based on these findings, effective and efficient executives, when managed by regulators, BODs, and Islamic banks, can contribute positively to Islamic banks' performance, image, goodwill, and compliance quality. Conversely, prevailing banking pressure, political circumstances, and societal constraints can hinder Islamic banks' functioning and employment systems, impacting their image, performance, Shariah implementation, and compliance. Therefore, these aspects should be considered when extending agency, stakeholder, and resource dependence theories.

Why is the Shariah Governance Framework Necessary for Islamic Banks?

Alam et al. (2021) aimed this study to answer the question, "Why is the Shariah Governance Framework (SGF) relevant for Islamic banks?" The study gathered information from Shariah Governance (SG)-related authorities in Bangladesh, including the central and Islamic banks. The study defines Shariah compliance as *"a method of proving Shariah compliance in the overall functions of Islamic banks, whereby Shariah signifies some laws, regulations, guidelines, aims, and instructions to improve correct functions and activities based purely on Shariah principles."*

Alam argued that SGF is essential for Islamic banks to implement Shariah principles, validate Shariah compliance, and oversee the institutions' functioning. Furthermore, it is required for a well-run, efficient, effective, lucrative business and improved performance to reduce misunderstanding among management, executives, traditional bankers, and banks. This study significantly contributes to national and global regulatory organizations by demonstrating why Islamic banks and financial institutions require a solid SGF. A reliable and robust SGF should be established to safeguard and fulfill many stakeholders' interests, expectations, and demands, which may readily attract their attention, intention, and sound.

Shariah Governance Practices of Malaysian Islamic Banks in the Light of Shariah Compliance

Masruki et al. (2020) investigated the Shariah governance methods of IBs in Malaysia. This research applies content analysis to determine the extent to which IBs exercise Shariah governance. A disclosure checklist was created after reviewing previous studies and regulations, including the Guidelines of Financial Reporting for Islamic Financial Institutions (GP8-i) 2005, the Islamic Financial Services Act (IFSA) 2013, the Shariah Governance Framework (SGF) 2010, and the Exposure Draft of the SGF 2017.

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It has five dimensions: (i) Shariah Committee oversees three control functions under Shariah governance, (ii) Shariah Risk Management, (iii) Shariah Review, (iv) Shariah Audit, and (v) Transparency and Disclosure. The findings showed that IBs were more likely to disclose Shariah committee attributes. In contrast, Shariah control function items (Shariah risk management, Shariah review, Shariah audit) and transparency and disclosure were less likely to be disclosed, indicating that IBs appear to be heavily reliant on the competency of SSB members rather than Shariah compliance mechanisms.

The Shariah Governance Policy Document 2019 (the Policy Document) issued by Bank Negara Malaysia (BNM) is a comprehensive set of guidelines and expectations for Islamic financial institutions (IFIs) in Malaysia. The Policy Document aims to strengthen the effectiveness of Shariah governance implementation further and reinforce a closer integration of Shariah considerations in the business and risk strategies of IFIs.

The Policy Document covers a wide range of topics, including:

- The roles and responsibilities of the board of directors, Shariah committee, and other critical stakeholders in Shariah governance
- The establishment and implementation of a Shariah governance framework
- The Shariah review process for new products, services, and activities
- Shariah compliance and risk management
- Training and development for Shariah governance practitioners

The Policy Document applies to all IFIs in Malaysia, including Islamic banks, Islamic development financial institutions, Islamic takaful operators, and Islamic investment funds. It also applies to the Malaysian operations of foreign branches of Islamic financial institutions.

The Policy Document is essential for IFIs in Malaysia, as it provides a clear and comprehensive framework for Shariah governance. IFIs are expected to comply with the

requirements of the Policy Document in order to ensure that their businesses are conducted following Shariah principles.

Here are some of the critical principles of Shariah governance as set out in the Policy Document:

- **Accountability and responsibility:** The board of directors is ultimately accountable for the effective implementation of Shariah governance in the IFI.
- **Independence and objectivity:** The Shariah committee must be independent from the management of the IFI and must act objectively in rendering its Shariah rulings.
- **Competence:** The members of the Shariah committee must be competent in Shariah law and finance.
- **Confidentiality and commitment:** The members of the Shariah committee must maintain confidentiality of the IFI's Shariah-related information and be committed to the effective implementation of Shariah governance in the IFI.
- **Consistency:** The Shariah committee's rulings must be consistent with Shariah principles and with the rulings of other recognized Shariah scholars.
- **Shariah audit and review:** The IFI must conduct regular audits and reviews to ensure that its products, services, and activities comply with Shariah principles.
- **Transparency and disclosure:** The IFI must disclose its Shariah governance arrangements and compliance performance to its stakeholders.

The Policy Document is a significant step in developing Shariah governance in Malaysia. It is expected to play an essential role in enhancing the confidence of stakeholders in the Islamic financial system and promoting the growth and development of the Islamic financial industry in Malaysia.

Shariah Governance for Islamic Banking: What Can Be Learned from Malaysia?

Rifqi (2018) The paper explores Shariah governance in Islamic banking, focusing on lessons from Malaysia. Islamic financial institutions operate according to Shariah principles, necessitating unique governance mechanisms distinct from conventional institutions. A key element in this structure is the Shariah Supervisory Board (SSB), which oversees Shariah compliance. The paper delves into several key areas: the nature of Shariah governance and the roles of SSB members, the Shariah Governance Framework in Malaysia, practices of Shariah governance and auditing in the country, and an evaluation of Shariah governance practices within Malaysian Islamic banks. This study offers insights into the unique practices and mechanisms that can be learned from Malaysia's experience in Islamic banking governance, focusing on Islamic banks, Shariah governance, and auditing.

Shariah Governance Practices in Malaysian Islamic Financial Institutions

Zulkarnain et al. (2015) study Interviews with Shariah committee members from 16 IFIs revealed that the SGF is considered relevant and necessary for maintaining Shariah compliance. It has enabled Shariah experts to actively participate in various functions, such as risk management, review, research, and audit. Success factors include IFIs' commitment, but challenges include resource constraints and integration issues. Suggestions for effective implementation include ongoing training and collaboration with the central bank. SGF has played a pivotal role in strengthening Shariah governance in Malaysia's Islamic finance industry.

The study finds out that in light of ongoing corporate scandals and crises, the Malaysian government has implemented various initiatives, including the Malaysian Code on Corporate Governance, introduced in 2000 and revised in 2007 and 2012, to strengthen corporate governance practices and protect the interests of shareholders. Concurrently, as the Islamic finance industry has evolved over the past four decades, Shariah governance has gained prominence to ensure the responsible management of Islamic Financial Institutions (IFIs) for the benefit of stakeholders.

This study evaluates the effectiveness of the Shariah Governance Framework from the perspective of Shariah committees and finds that it is a critical mechanism for ensuring IFIs adhere to Shariah principles in the interest of stakeholders. Suggestions include enhancing the role of Shariah committees by involving them in other boards, such as risk management control and audit committees, and elevating their status within the framework. Most Shariah experts on the Shariah committee, possessing expertise in Fiqh and usul Fiqh, are also recommended to reinforce Shariah governance within IFIs.

The Role of Shariah Auditor in Islamic Banks: The Effect of Shariah Governance Framework (SGF) 2011

Yasoa' et al. (2020) investigated Shariah auditors' existing duties and responsibilities in Malaysia's Islamic banking business. The researchers detected changes in these responsibilities, particularly since implementing the Shariah Governance Framework (SGF) in 2011. The study took the qualitative approach, with in-depth interviews conducted with nine (9) essential persons from Malaysian Islamic banks.

The findings reinforce the assumption that the banks' internal audit unit governs Shariah auditors' functions and responsibilities. More significantly, Shariah auditors serve as the third line of defense, assuring owners and stakeholders that all firms and activities adhere to Sharia's tenets. In addition, Shariah auditors must assess whether the internal control mechanisms are practical and efficient enough to prevent potential Shariah violations. The study recommended a stimulus to improve governance and boost market and stakeholder confidence.

The Impact of the Shariah Supervisory Board and Shariah Audit Committee on Corporate Social Responsibility Adoption at Islamic Banks in Bangladesh

Anwarul Islam et al. (2021) aimed to identify and analyze the impact of the Shariah Supervisory Board (SSB) and the Shariah Audit Committee (SAC) on CSR implementation in Bangladeshi Islamic banks.

Managers and deputy managers from 160 Islamic bank branches of several commercial banks in Dhaka, Bangladesh, comprised the research population. The sampling approach was convenience sampling, in which the first accessible primary data source was used for the study with no additional restrictions.

The findings suggested that SSB support and a strong and effective SAC have a substantial link with CSR adoption and strongly impact CSR adoption in Islamic banks in Bangladesh. Finally, the study suggests some major and critical policy criteria for Islamic bank branches to follow to implement CSR operations.

Conceptual Framework of Internal Shari'ah Audit Effectiveness Factors in Islamic Banks

Algabry et al. (2020) examined the current literature to understand the primary elements influencing the efficacy of Shariah audits in Islamic banks. This study presents a conceptual framework of factors influencing Shariah audit efficacy in IBS based on previously published research. The study aims to identify the most influential variables that play a critical role in improving the performance of internal Shariah audits in the Islamic banking business.

External and internal elements and internal Shariah audit structure, procedure, and requirements are all included in the suggested framework. Practical consequences - First, authorities must offer a clear framework for Shariah auditing that addresses the essential needs for efficient Shariah governance. Second, Islamic financial institutions (IFIs) must pay more attention to the Shariah audit process to attain the goal of effective Shariah governance.

Finally, the scarcity of empirical research on the function and efficacy of Shariah audit in Islamic banking emphasizes the necessity to establish an adequate methodology to improve the study of Shariah governance practices' effectiveness. This document is unusual because it covers the essential aspects determining the success of Shariah audits and offers

them in a single framework. This study reveals several concerns that need further investigation to develop a better Shariah auditing system and discover the elements that influence Shariah auditing methods.

Internal Audit Analysis in Islamic Banking (Case Study at Islamic Bank Jember "X" KCP "Y")

Al Wahid et al. (2020) focus on the application of internal auditing in the context of Islamic banking, with a specific case study of Islamic Bank "X" KCP "Y." Qualitative research methods were employed, and the data sources encompassed both primary and secondary data. Interviews with informants served as the primary data source, while secondary data were gathered to support and address the research questions posed in the study.

The research used data validity testing methods, including Domain Analysis, Data Triangulation, Dependability Testing, and Confirmation Testing, to ensure the reliability of the findings.

The key findings of the study indicate that Sharia Bank "X" KCP "Y" has implemented internal control practices following the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Moreover, the study highlights the development of audit methods that can be adapted to address the evolving requirements of real-world situations. Notably, the presence of an audit system branch is highlighted as a tool that provides rapid insights into operational conditions, thereby facilitating the effective monitoring of the internal audit processes.

Issues and Challenges of Shariah Auditing in Islamic Financial Institutions and Corporate Governance Compliance

Arwani (2018) investigated the perspectives of practitioners directly or indirectly involved with the Shariah compliance/auditing process from Islamic financial institutions (IFIs) on the issues of Shariah auditing standards, auditor qualifications, and independence.

Auditing Islamic financial institutions (IFIs) is more extensive than auditing legal financial statements. External auditors of IFIs perform financial audits and check for Shariah compliance under fatawa (religious views) and rules established by the Shariah Supervisory Board (SSB). Shariah review is unique to IFIs since all commercial activities and operations of IFIs must comply with Shariah norms. The need for more competent auditors with both shariah and accounting/auditing degrees and the danger to independence posed by self-review may impact the reputable image of Islamic financial organizations.

The findings emphasize the necessity of auditor certification and independence, as there is no regulated professional Shariah auditor code to keep up with the IFIs' rapid expansion. The document provides regulators with practical implications by directing them to amend the standards for shariah auditing processes and develop a mandated professional governance structure for shariah auditors.

The Role of Internal Control Components on Financing Activities in Jordan Islamic Bank (North Region)

Al-Rawashdeh (2018) aimed to define the function of internal control components in Jordan Islamic Bank's financing activities. The research sample consisted of all workers from the financing giving committees of Jordan Islamic Bank (North region); (and 48) personnel from (2017). The study population was included in the study sample; however, due to the absence of certain employees, the study sample was reduced to (40) employees. Aside from the (T-test) and fundamental linear regression analysis, descriptive and analytical methodologies were employed to achieve the study objectives.

The study yielded various conclusions, the most notable being that internal control components significantly influence Jordan Islamic Bank's financing activities (North area) at Sig. (0.05), with a high level. There is a statistically significant role for the internal control environment over the financing activities in Jordan Islamic Bank (North region) with a very high significance level (0.05). There is a statistically significant role for the internal control

activities accredited by the internal control committees over the financing activities in Jordan Islamic Bank (North region) with a very high level of significance (0.05), there is a statistically significant role for the internal control activities accredited by the internal control committees over the financing activities in Jordan Islamic Bank (North region) with a very high level at Significant ($\alpha \leq 0.05$).

Finally, the risk assessment method used by internal control committees over financing operations in Jordan Islamic Bank (North region) plays a statistically significant influence, with a medium level at Sig. (0.05). Based on these findings, the researcher advocated for the importance of developing the internal control environment and increasing its efficiency, as well as maintaining the quality of policies and procedures that aid in the execution of management views and creating the risk assessment system.

The findings from the study regarding the role of internal control components in financing activities at Jordan Islamic Bank in the North region have a significant connection to the Shariah audit in Islamic finance. While the study primarily focuses on general internal controls within the bank, these findings can be related to Shariah audit in the following ways:

- **Internal Control Components and Shariah Compliance:** Shariah audit is essential to ensure that Islamic financial institutions, including banks, adhere to Shariah principles in their operations. The study's findings suggest that internal control components significantly influence financing activities. Similarly, robust internal controls play a crucial role in guaranteeing Shariah compliance in the context of Shariah audit. Adequate internal controls are vital for preventing any activities that might be non-compliant with Shariah.
- **Internal Control Environment:** The study highlights the importance of the internal control environment in influencing financing activities. In the context of Shariah audit, a robust internal control environment is critical to assuring that the institution's activities align with Shariah principles. Shariah audit assesses whether the control environment supports and enforces Shariah compliance.
- **Role of Internal Control Activities:** The study identifies internal control activities accredited by internal control committees in shaping financing activities. Similarly, these internal control activities are crucial in ensuring Shariah compliance in Shariah audits. Shariah audit examines whether these activities effectively identify and rectify any Shariah non-compliance issues.
- **Risk Assessment:** The study finds that the risk assessment method used by internal control committees has a statistically significant influence on financing operations. In the context of Shariah audit, risk assessment is a crucial aspect. Shariah auditors evaluate the risk associated with various financial activities to determine the likelihood of Shariah violations. The findings suggest that risk assessment is essential in both areas.

The study's findings on internal control components and their impact on financing activities can be related to Shariah audits within Islamic financial institutions. Strong internal controls, an effective control environment, and rigorous internal control activities are essential for maintaining Shariah compliance, and risk assessment is a critical component in both domains to prevent any actions that might breach Shariah principles.

Internal Control Effectiveness & Its Relationship with Financial Performance

Channar et al. (2015) investigated the functionality of each of the five Internal control components, the effectiveness of the control system, and its relationship with financial performance. The sample size for this research is 210 respondents comprising employees from 6 Banks in Hyderabad: NBP and Sindh Bank from the public sector, MCB and HBL from the private sector, Meezan Bank, and Bank Alfalah as an Islamic bank.

Internal control was examined using the five components in this study, whereas financial performance was measured using three profitability ratios. Data is gathered from

both primary and secondary sources. A questionnaire based on a mix of instruments produced by Baker, Castro, Labrena, and Meyer was utilized as the primary source (2005). The financial statements of the sample banks for the last four years were used as a secondary source. Profitability measures such as return on asset (ROA), return on equity (ROE), and profit expense ratio (PER) are used to assess financial performance.

The correlation and one-way ANOVA statistical approaches were employed to test the study hypotheses. The Statistical Package for Social Scientists was used to analyze the data (SPSS).

Internal control efficacy is highest in private banks, followed by public banks, and lowest in Islamic banks, but the difference is not statistically significant. Furthermore, private banks had outstanding financial performance, state banks had intermediate financial performance, and Islamic banks had a bad economic performance.

According to the study, internal control effectiveness is linked favorably with bank financial performance. The complete examination and knowledge of the efficacy and components of the internal control system give valuable insights to managers and staff on how to manage or enhance their control systems to achieve improved operational and financial performance.

DISCUSSION

The literature on Shariah auditing within the Islamic finance industry reveals a significant gap in understanding and addressing the challenges Shariah supervisory bodies face, both at the bank and national levels. The rapid growth of Islamic financial institutions (IFIs) has presented unique complexities, necessitating innovative solutions to ensure Shariah compliance and the integrity of financial transactions. This discussion aims to introduce fresh perspectives and offer practical recommendations to aid Shariah supervisory bodies in navigating these challenges and enhancing the effectiveness of internal audits within IFIs.

One of the primary challenges Shariah supervisory bodies face is the need for a standardized professional code for auditors, leading to questions about their certification and independence. The dynamic nature of Islamic finance, evolving regulatory landscapes, and the diverse IFIs have exacerbated these challenges. Ensuring that Shariah principles are upheld while IFIs continue to expand is a complex task.

Innovative Solutions and Recommendations

1. **Standardized Shariah Auditor Code:** To address the issue of certification and independence, it is recommended that regulators and industry bodies work together to develop a standardized Shariah auditor code. This code should outline Shariah auditors' qualifications, ethical standards, and responsibilities, ensuring they operate independently and competently.
2. **Regulatory Oversight:** Establishing a regulatory body overseeing Shariah auditing practices can provide clarity and consistency in the industry. This body can monitor the performance of Shariah auditors, provide guidance, and promote best practices.
3. **Enhanced Training and Certification:** Continuous training and certification programs for Shariah auditors should be encouraged. These programs would ensure auditors remain updated with evolving Shariah principles, financial products, and industry best practices.
4. **Collaboration with Internal Audit Units:** Shariah supervisory bodies should work closely with internal audit units within IFIs to strengthen internal controls and risk management. This collaboration can help align Shariah compliance with broader governance and risk management practices.

In conclusion, this discussion has emphasized the critical need for addressing the challenges facing Shariah supervisory bodies and internal audits within IFIs. To provide new perspectives for these bodies and address the challenges, we recommend the development of a standardized Shariah auditor code, regulatory oversight, enhanced training and

certification, and collaboration with internal audit units. Implementing these recommendations will enhance governance and boost market and stakeholder confidence in the Islamic finance industry. These steps are pivotal in ensuring the continued growth and stability of the sector, upholding Shariah principles, and meeting stakeholders' expectations.

CONCLUSION

In conclusion, the findings of this study underscore the significant influence of Shari'ah auditing and governance on the performance of Islamic banks. The implications of these findings extend to both external and internal auditors, highlighting the importance of enhancing Shari'ah auditing methods within the Islamic banking industry to improve performance.

This study also delves into the impact of the Shari'ah Supervisory Board (SSB) and the presence of the Shari'ah Advisory Council (SAC) on Corporate Social Responsibility (CSR) adoption in Islamic bank branches. The results suggest that the SSB's support and involvement and the SAC's effectiveness play a substantial and beneficial role in promoting CSR efforts.

As a result, Islamic bank branch operations can benefit significantly from timely and sufficient assistance from the SSB. Furthermore, the Islamic banking management board must prioritize the establishment of a robust and effective SAC to drive CSR initiatives. The presence of such a council can aid in formulating and developing a comprehensive CSR plan, contributing to higher societal and economic well-being.

This study highlights the critical link between Shari'ah auditing, governance, and CSR adoption in Islamic banking. Strengthening these aspects enhances financial performance and fosters a culture of responsibility and ethical business practices within the industry, ultimately benefiting society and the economy.

RECOMMENDATIONS

1. Future researchers might broaden the study area to receive a more significant number of responses to the research questionnaires. Furthermore, it is necessary to foresee and overcome the risk of incorrect answers from respondents, which cannot be included in data analysis.
2. Future research might compare optimal Shariah governance methods in pre- and post-2017 periods, focusing on Shariah control functions and openness. Furthermore, a comprehensive annual report should include such Shariah governance disclosures.
3. This study did not incorporate customers in the data-gathering process, which may be added in future studies. Future studies might also investigate how the findings of this study improve the performance and image of IFIs.

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