

Application Of Audit In Management Of Financial Reports Based On Sak Syariah

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Abstract

This study uses a qualitative research method. By using a literature review, a systematic approach to collecting, evaluating, and synthesizing relevant literature in a particular field of research. Experts recognize the importance of a literature review as an initial step in the research process that allows researchers to understand the research context, review previous findings, and identify knowledge gaps that still need to be explored. The Results of this Study The Implementation of Sharia Audits in Financial Institutions has been carried out by prioritizing sharia values and laws to carry out financial statement audits based on Sharia SAK.

Parties that play a role in supervising Sharia Financial Institutions, Bank Indonesia, National Sharia Council (DSN), Sharia Supervisory Board (DPS). In carrying out their functions, BI and DSN play a greater role in supervision while DPS plays a greater role in controlling Islamic banks.

Keyword : Audit Management, Syariah

INTRODUCTION

Accounting and audit activities are like blades that cannot be separated in every financial management activity. This also applies when a financial institution, whether sharia-based or conventional-based, must also carry out an audit of financial reports as a manifestation of the institution's responsibility to its user market.

Usual users of financial reports include internal users and external users. However, if we look at the history of the birth of auditing and accounting, some are of the opinion that the historical fact is that as the progress of civilization has brought the need for someone within certain limits who can be trusted to manage assets owned by other parties, so it is considered necessary to carry out checks on someone's loyalty, which in the end everything became clear.

Which is the country of Indonesia which is predominantly Muslim which can provide opportunities that can be utilized by managers of Islamic financial institutions to be able to provide a sense of trust to prospective customers so that the public will be sure of the truth in Islamic financial institutions. In terms of sharia compliance or the compliance side of Islamic financial institutions which is the main milestone and has differences when compared to Islamic financial institutions with other financial

institutions. The minimal market share of Islamic banking shows that the general public still has doubts about the existence of Islamic financial institutions.

The need for a level of certainty to meet sharia principles has encouraged the birth of sharia audits. A sharia auditor has an important role to ensure the level of accountability of financial reports and the fulfillment of sharia values. Users have a level of confidence and security when investing their funds in sharia financial institutions, and in addition to ensuring that the funds they have will be managed in accordance with sharia principles. Nowadays, an auditor in the conventional financial system prioritizes economic principles rather than aspects of compliance with sharia principles. According to Arifin (2009), he revealed the meaning of sharia compliance in financial and banking transactions and other related businesses. In addition, sharia compliance is also one of the indicators of Islamic disclosure to ensure

Islamic banks' compliance with sharia principles. This means that sharia compliance is a form of accountability for the bank in disclosing the bank's compliance with sharia principles (Ansori, 2001). Sharia compliance is a manifestation of the fulfillment of all sharia principles in an institution that has the form of characteristics, integrity and credibility in sharia banks. Where the culture of compliance is the value of behavior and actions that support the creation of sharia bank compliance with all Bank Indonesia compliance. Meanwhile, according to (Adrian Sutedi, 2009) reveals the meaning of sharia compliance operationally is compliance with the Fatwa of the National Sharia Council (DSN) because the DSN Fatwa is a manifestation of sharia principles and rules that must be obeyed in sharia banking.

The implementation of sharia audits has its own challenges. According to (Ibrahim: 2012), it explains that there is a gap between expectations and sharia audits that have been running so far. There are obstacles when implementing audits that are in accordance with Islamic law, including the scope, framework, qualifications and issues related to the level of independence.

Sharia Financial Institutions such as banks have different characteristics from conventional entities. These differences in character. Affect the form and standards of supervision activities of sharia financial institutions including the implementation of their audits. Supervision of sharia banks under the authority of Bank Indonesia and the National Sharia Council (DSN) is carried out in order to maintain compliance with sharia principles and regulations in the operation of their activities and reporting in accordance with the concept of sharia banking and in accordance with accounting principles. Islamic financial institutions, especially Islamic banks, are engaged in the financial sector (Finance) which generally has a high risk in managing its business. Therefore, there must be supervision and audits. Other elements that support the success of Islamic banking are good corporate governance, with the aim of realizing justice for all parties interested in the company (stakeholders). Based on the existing background, what will be discussed in this paper are Islamic finance, the framework for Islamic reporting, the application of audits in managing financial reports based on SAK, supervision and responsibility.

METHOD

The research method is literature review. The literature review method is a systematic approach to collecting, evaluating, and synthesizing relevant literature in a particular field of research. Experts recognize the importance of literature review as an initial step in the research process that allows researchers to understand the context of the research, review previous findings, and identify knowledge gaps that still need to be explored. (Books @ Books.Google.Com, n.d.) describes literature review as a systematic process to collect, evaluate, and synthesize previous studies to produce a better understanding of the topic being studied.

In this study, a qualitative approach is applied to explore an in-depth understanding of the Implementation of Audit in financial management based on SAK Syariah. The research design is descriptive-analytical, to describe the observed phenomena and analyze them critically. The research

population consists of various relevant sources of information available online, including journal articles, books, research reports, and official websites that discuss related topics. did not use samples in this study because the focus is on various sources of information available.

Data collection techniques include a comprehensive literature study from reliable internet

sources. developing a research instrument in the form of an analytical framework on the Implementation of Audit in financial management based on SAK Syariah. The data analysis technique is qualitative analysis, which will explore and interpret data found from various sources systematically, with a focus on thematic and conceptual patterns that emerge. With this approach, it aims to provide in-depth insight and comprehensive understanding of the topic being studied, without using quantitative data or interview techniques.

RESULTS AND DISCUSSION

1. Sharia Finance

The sharia financial system is a financial system based on Islamic principles. One of the main sources in understanding and implementing the sharia financial system is the Sharia Financial Accounting Standards (SAK).

SAK Sharia is a set of accounting standards used in preparing financial statements for business entities that operate in accordance with sharia principles. The following are some aspects of sharia finance according to SAK Sharia:

- a. Assets and Liabilities: In sharia finance, assets and liabilities must be separated and clearly recognized in the financial statements. For example, recognized assets must be halal according to Islamic law.
- b. Principle of Fairness and Transparency: Transparency and fairness are very important in sharia finance. All parties involved in the transaction must be given sufficient information and the transaction must be carried out with fairness.
- c. Prohibition of Usury: Usury is interest that is prohibited in Islam. In sharia finance, no interest is allowed, either in giving or receiving funds.
- d. Clear Transactions (Gharar) and Gambling (Maisir): The principle of gharar prohibits transactions that are unclear or uncertain. The principle of maisir prohibits gambling and speculation. Transactions must be carried out with clear information and do not involve elements of speculation or gambling.
- e. Ethical Investment: Islamic finance encourages investment in businesses that are considered ethical and halal according to Islamic law. For example, investment in alcohol, pork, gambling, or other industries that are considered haram in Islam will be avoided.
- f. Zakat: Zakat is an obligation for Muslims to give a portion of their wealth to those in need. In Islamic finance, companies can also calculate the obligation of zakat in their financial statements.
- g. Auditing and Supervision: The process of auditing and supervision is very important in Islamic finance to ensure that all transactions are carried out in accordance with the principles of sharia.
- h. Profit and Loss Sharing: The concept of profit sharing is a key principle in Islamic finance. This means that profits and losses in an investment or transaction must be shared fairly between the parties involved.
- i. Shariah Compliance: Business entities operating within the framework of Islamic finance must ensure that all their activities are in accordance with the principles of Shariah and do not conflict with Islamic law.

By following these principles, business entities can carry out their financial activities in accordance with the guidance of Islam and meet the requirements set by the Shariah SAK. This not only covers the accounting aspect but also regulates the overall business behavior in a financial context.

Here are some of the main principles in Islamic finance according to the Shariah SAK:

- a. Shariah Compliance Principle: Islamic finance must comply with Islamic laws in all its transactions and business activities. This includes the prohibition of *riba* (interest), *maysir* (gambling), *gharar* (excessive uncertainty), and other haram (forbidden) activities.
- b. Principle of Fairness and Transparency: Transparency and fairness must be upheld in every Islamic financial transaction. Information regarding the transaction must be clearly conveyed to all parties involved.
- c. Principle of Risk and Profit Sharing: In Islamic finance, risks and profits must be shared fairly between the parties involved in the transaction. This principle emphasizes the importance of active participation and shared responsibility between the fund provider and the entrepreneur.
- d. Principle of Active Ownership and Social Responsibility: Islamic finance encourages ownership of real assets and investments that contribute to economic development and the welfare of society. The principle of social responsibility is also emphasized, which requires financial entities to pay attention to the social impact of their business activities.
- e. Principle of Prohibition of Haram Transactions: Financial transactions involving goods or activities that are forbidden in Islam must be avoided in Islamic finance. This includes the prohibition of alcohol, pork, gambling, and industries that are contrary to Islamic values. SAK Syariah provides clear guidelines on how to apply these principles in preparing financial statements for business entities that follow the principles of Islamic finance. Thus, Islamic finance does not only prioritize the aspect of financial profit alone, but also pays attention to the aspects of ethics and social justice in its business activities.

2. Shariah reporting framework

The Shariah reporting framework refers to the structure and processes used by Islamic financial institutions to report their performance in light of Shariah principles. This involves disclosing information relevant to their operations and activities in accordance with Islamic law. The following is a complete explanation of the sharia reporting framework:

- a. Objectives: The sharia reporting framework aims to provide transparency and accountability to stakeholders, such as shareholders, customers, regulators, and the general public, regarding the performance of Islamic financial institutions in the context of sharia principles.
- b. Principles: The sharia reporting framework is based on sharia principles that include the prohibition of *riba* (interest), *maysir* (gambling), *gharar* (uncertainty or speculation), as well as the principles of fairness, transparency, and social responsibility.
- c. Reporting Standards: Commonly used sharia reporting standards are the AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) standards or IFRS (International Financial Reporting Standards) standards that have been adjusted to sharia principles.
- d. Reporting Components: The sharia reporting framework includes several main components, including:
 - Financial Statements: Including the income statement, balance sheet, cash flow statement, and statement of changes in equity, which are prepared in accordance with sharia accounting principles.
 - Shariah Disclosure: Identifying and explaining transactions and financial products that comply with Shariah principles, and disclosing compliance with fatwas and guidelines from Shariah supervisory bodies.
 - Shariah Supervisory Board Statement: The Shariah Supervisory Board (SSB) or similar body provides a statement or opinion regarding operational compliance with Shariah principles.
 - Internal Control Report: Presenting information on the internal control system that ensures compliance with Shariah principles.
- e. Reporting Process: The Shariah reporting process involves steps such as:
 - Collection of relevant data and information.
 - Processing and presenting information in accordance with Shariah standards and principles.
 - Verification and validation of information by authorized parties, including the SSB or independent Shariah auditor.

- Publication of reports to stakeholders on a regular and timely basis.
- f. ` Supervision and Compliance: The sharia reporting framework requires strict supervision and monitoring of compliance with sharia principles by sharia financial institutions, both internally and externally.
- g. Development and Adjustment: The sharia reporting framework continues to evolve in line with developments in the sharia financial industry and the views of sharia scholars. Therefore, sharia financial institutions must continue to adjust their reporting processes and practices.

Thus, the sharia reporting framework provides comprehensive guidance for sharia financial institutions in reporting their performance transparently and in accordance with sharia principles.

3. Implementation of Sharia Audit in Islamic Financial Institutions

Sharia Audit is a systematic audit process for compliance. All LKS activities against sharia principles including financial reports, products, IT usage, operational processes, parties involved in LKS business activities, documentation and contracts, policies and procedures and other activities, which require compliance with sharia principles. The framework in implementing the audit is very important. The framework serves as a reference for auditors to carry out audits on the company.

So that not all aspects must be examined by the auditor, only those that have risks and are related to those that must be tested. However, the current audit framework is an audit framework based on standards or regulations for conventional companies that are only oriented towards laws that come from the consensus of both national and international communities. While the Sharia audit has an additional legal basis, namely the Sharia aspect in the form of Islamic law and principles originating from Allah SWT. This aspect of religiosity is not accommodated by conventional audit standards, so the Sharia audit requires a different reference standard and the Sharia audit framework must have its own reference. Audit activities in LKS consist of three layers, first internal auditors in conducting tests on LKS financial reports to ensure compliance with generally accepted accounting standards and no material misstatements; second, external auditors conduct tests on the performance results of the internal auditors and third, external auditors who have certification conduct examinations to ensure that LKS products and transactions are in accordance with sharia principles and regulations relating to financial reports. In practice, regarding the sharia audit of the current financial report aspect, it is the responsibility of the Sharia Supervisory Board (DPS). Meanwhile, regarding the framework for implementing duties as a sharia auditor, it has not yet been owned. The broad framework of the duties and authorities of the DPS has indeed been regulated through Law No. 21/2008 and Bank Indonesia regulations. The relationship to these regulations provides clear procedural directions for the work of the DPS so that there has been no standardization of examinations carried out by the DPS.

4. The Role of Supervision and Sharia Audit Framework on the Governance of Sharia Financial Institutions

Corporate Governance is a system of rights, processes, and overall control that is determined internally and externally over the management of a business entity with the aim of protecting the interests of all stakeholders.

To fulfill the implementation of good corporate governance, the following standards are required:

1. Sharia Supervisory Board: Appointment, Composition and Report
2. Evaluation of Sharia
3. Internal Evaluation of Sharia
4. Audit and Governance Committee for LKS Audit and Governance Committee
5. Independence from DPS
6. Statement of Governance Principles for LKS Statement of Governance Principles for LKS
7. Evaluation of Corporate Social Responsibility. In addition to the standards in LKS social corporate governance.

Board In addition to standards in corporate governance, an ethical standard for human resources is also needed, including a code of ethics for accountants and auditors at LKS and a code of ethics for LKS employees, namely (a) the basis of sharia ethics, an accountant, corporate standards.

- (a) the basis of sharia ethics, an accountant (integrity, the principle of humans as caliphs on earth, sincerity, piety, truth and the intention to carry out tasks perfectly, fearing Allah in all matters human responsibility fearing Allah in all matters, human responsibility before Allah);
- (b) Ethical principles for accountants (trust, legitimacy, objectivity, professional competence and skills, behavior based on faith, professional behavior and technical standards); and moral rules for accountants.

5. The Role and Responsibility of Auditors in Islamic financial institutions.

Sharia compliance audits have important implications for the legitimacy of a company in Islamic financial institutions. Sharia audit activities are certainly different from conventional audit activities, sharia audit activities are carried out by someone who has sufficient knowledge and skills related to the sharia audit function. The goal is to provide legitimacy to ensure an effective internal control system in accordance with sharia principles.

Sharia banking can also recruit external parties to conduct sharia audits on banking operational activities. While conventional audits aim to provide information to users that is useful for making and evaluating decisions about the allocation of scarce resources in a capitalist economy. The relationship between the demand for sharia audits and the role of sharia auditors in sharia financial institutions by reviewing AAOIFI (Auditing and Accounting Organization for Islamic Financial Institutions in an Islamic perspective.

CONCLUSION

1. The implemetation of Sharia Audits in financial institutions has been carried out by prioritizing sharia values and laws to carry out financial statement audits based on Sharia SAK.
2. Parties involved in supervising Sharia Financial Institutions, Bank Indonesia, National Sharia Council (DSN), Sharia Supervisory Board (DPS). In carrying out their functions, BI and DSN play a greater role in supervision while DPS plays a greater role in controlling sharia banks.

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