The objective of this paper is to analyze the development of an effective internal Shariah audit framework for Islamic banks in Bahrain using Islamic agency theory. The questionnaire method and Islamic agency theory were used to examine the independence and effectiveness of internal Shariah audits. The insights from the study are gained through the Islamic agency theory, which has a direct relationship with the degrees of independence and effectiveness. The findings indicate that a well-founded Islamic agency theory could potentially be used as the theoretical foundation in building a conceptual, multifaceted framework. This research fills a gap in terms of the level of development for an effective internal Shariah audit framework in Islamic banks using Islamic agency theory.

1. INTRODUCTION

The issue regarding the effectiveness of internal audits has been receiving increased attention from scholars. Internal auditors are tasked with assisting management to ensure that the company’s control system is in order, and operation is efficient, cost-effective, and legal (Haron, Chambers, Ramsi, & Ismail, 2004). Islamic banks benefit from internal Shariah audits by the report generated to track the banks’ performance in relation to Shariah compliance. The internal department for Shariah audits is important as it is the main factor in the adoption of accounting systems for in-house assessment and control in terms of risk management and compliance. The Islamic banks’ internal Shariah auditors evaluate all transactions and advise the operational units on ways to achieve their goals through risk management and improvements to internal controls.

In the pursuit of Islamic banks’ goals, an effective audit does not only require resource investments but also the independence of the auditors (Rahman & Rahim, 2011). To measure the effectiveness of internal Shariah auditors there have to be various assessments of their independence and reporting levels, direct contact, conflicting interests,
unlimited accessibility, removal, appointment, and interference. Through the Islamic agency theory, this paper examines the magnitude of the impact of internal Shariah auditors’ effectiveness on banks’ performance. Therefore, it is the goal of this research to develop a framework for an effective internal Shariah audit through the utilization of Islamic agency theory for Bahrain’s Islamic banks.

2. LITERATURE REVIEW

2.1. Auditing from the Islamic Point View

The Islamic banks operate from the aspect of the Islamic world view, whereby they are to serve the Muslim societies that have different priorities and focuses (Kasim & Sanusi, 2013) and require auditing and accounting methods that differ from the traditional banking system (Ibrahim, 2000). The Islamic Shariah audit is a tool that provides advice, particularly on new Islamic financial products, and performance monitoring so that the banks comply with Islamic laws. Due to the need for Shariah compliance, a thorough Shariah audit should be conducted based on the guidelines issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The auditors are expected to report to the Shariah Supervisory Board (SSB) should there be any violation of Islamic laws. It is the board’s key function to certify the bank’s compliance to Shariah principles, and every IFI has its own internal SSB.

The Islamic banks’ auditing practices worldwide are currently under the control of their respective country’s laws and guidelines, whereby the AAOIFI standards could be fully, or partially, implemented. Both academics and industry players agree that the AAOIFI provides the most thorough Shariah audit guidelines for both external and internal auditing practices. The scope of internal Shariah audits involves the scrutiny of products, contracts and agreements, transactions, policies, and financial statements, as well as memorandums and articles. During the course of their audit, the auditors must be satisfied that the Islamic banks adhere to the Islamic laws (Yahya & Mahzan, 2012). During the process, to gauge a bank’s adherence to Islamic laws, periodic evaluations must be conducted to ensure an effective in-house control system (Rahman & Rahim, 2011). Besides serving as compliance agents, the auditors also ensure corporate governance and provide in-house advice (Stewart & Subramaniam, 2010).

2.2. Internal Shariah Audit Effectiveness

The effectiveness of internal Shariah audits has been interpreted from various aspects by scholars and organizations within the Islamic banking sector. IIA (2010) defined effectiveness as the degree and quality to which goals are attained. Meanwhile, BNM (2011) defined effectiveness as the goal of ensuring a good and effective in-house control system in adherence to Shariah principles. AAOIFI (2019) sees effectiveness as the performance of internal Shariah auditors which includes their planning ability, implementation, information of documents, audit outcome, suggestions, report of repeated findings, follow-ups and assessments of the compliance levels with Islamic laws, fatwas, and the guidelines and instructions set out by the SSB (AAOIFI, 2020). Badara & Saidin (2014) mentioned several definitions for the term ‘effectiveness’. This signifies that the effectiveness of internal audits could be defined as the degree of the established goals being attained. Most studies agree that a venture could be regarded as effective if the output is in line with the goals (Ahmad, Othman, Othman, & Jusoff, 2009; Ussahawanitchakit, 2012).

It can be concluded that the above definitions signify that the effectiveness of internal Shariah auditors is best defined as their ability to achieve the established goals of the banks. Past research on Shariah audits has looked at the challenges, needs, and practitioners’ and scholars’ perceptions of Shariah audits (Mulyany, 2008); the professionalization of Shariah audits (Shafii Z & Hanefah, 2013); the conceptualization of the Shariah auditors’ responsibilities and rules (Othman & Ameer, 2015); and the framework of Shariah audit compliance (Shafii et al., 2014). Moreover, few studies on IFIs’ Shariah auditing have concentrated on the scope, competencies, practices and framework (Kasim & Sulaiman, 2009; Yahya & Mahzan, 2012). The effectiveness of internal Shariah audits has not
been extensively studied compared to its conventional counterpart. Nonetheless, Badara & Saidin (2014), Endaya & Hanefah (2013) and Mihret & Yismaw (2007) conducted several important studies in this area. To fill the gap and extend the current research, this study examines the link between independence and internal Shariah audit effectiveness in IFIs. After reviewing the literature, we found that no studies have examined the independence of auditors from the lens of Islamic agency theory, which acts as the driver for an effective internal Shariah audit in IFIs.

However, this research is not unique in nature. Ahmad, Othman, Othman, & Jusoff (2012) identified the elements that lessen the internal audit effectiveness in the Malaysian public sector. The elements identified are lack of management support and training, inadequate staff, and management’s negative perception of the internal auditors’ suggestions. In addition, one study discovered that the auditors’ levels of education, experience, training and professional certification impact their effectiveness (Al-Twaijry, Brierley, & Gwilliam, 2003). Another study found that auditors’ dedication, interpersonal ability, competency, knowledge, and independence, as well as the support of the audit committee and the board of directors (BoD), audit integrity and performance, and an efficient audit department all have an impact on the effectiveness of internal auditing practices.

Moreover, it has been discovered that stakeholders’ expectations (i.e., BoD, CEO, and management) of corporate performance have a direct impact on the perception of the effectiveness of internal audits (Feizizadeh, 2012). Additionally, an effective in-house Shariah auditor should be capable of aligning the operations of the IFI with the expectations and requirements of the SSB. Consequently, the assessment of Shariah adherence will positively contribute to society (Ummah) (ISRA, 2013), as an effective audit will prevent the occurrence of fraud within the organization, which will increase the value for stakeholders through the IFI’s improved performance, (Al-Twaijry et al., 2003; Mihret & Yismaw, 2007).

2.3. Independence in Shariah Audits

Being a new discipline, the IFIs’ Shariah auditing systemic theory and practices have some issues that need to be addressed urgently (Errico & Sundararajan, 2002). One of the issues is to ascertain the appropriate independence level of the auditors (Kasim & Sanusi, 2013). Independence ensures an objective and impartial audit where there is minimal bias (Arens, Loebbecke, Elder, & Beasley, 2008), which will, in turn, ensure that the management will positively acknowledge the audit findings and suggestions made (Pickett & Pickett, 2010). Independence requires the independence of mind and appearance. It is vital that auditors display their independence in both of these aspects. Similarly, Mautz & Sharaf (1961) stated that independence needs to be “real independence of the individual practitioner in the performance of his work, and the apparent independence of auditors as a professional group”.

The level of independence will reflect the corporate status given to the internal auditors and influence the auditors’ objectivity (Murtuza & Abdallah, 2007). The users’ confidence in the report produced by the auditors is the manifestation of the auditors’ high independence level. For the auditors to be independent from the units they are auditing, they need to report directly to the audit and governance committee (AGC) and the board of directors (BoD). The Shariah Governance Framework (SGF) issued by BNM (2011) stipulates that the Shariah auditing responsibility should be undertaken by the internal audit unit. It states that the scope of internal Shariah auditors’ responsibility is extensive whereby they must ensure that IFIs’ operations comply with Shariah principles (Shafii Z & Hanefah, 2013).

The internal Shariah auditors’ independence is the main element for effective performance. The auditors’ function is so detailed that they have to review the conduct of the very same management that hires them. This could lead to a conflict of interest and affect the auditors’ independence. Tension may cause the auditors to be less effective in their work due to influence by the management, consequently affecting the objectivity of the audit (Agarwal & Medury, 2014). Compromised independence may cause auditors to accommodate management’s
requests, which will subsequently cause a reduction in the capability of the auditors to offer fresh insights through an impartial assessment (Flesher & Zanzig, 2000).

Independence is a fundamental trait of an auditor, as without it his opinion will not carry much weight. Studies on the independence of internal auditors have highlighted three elements contributing to their independence: 1) the auditors’ responsibility should be clearly defined; 2) positioning of the internal auditors within the corporate structure; and 3) reporting hierarchy (Uddin, Ullah, & Hossain, 2013). In reality, the Shariah unit management relies on auditors to be objective while carrying out their duties. Whenever the demarcation line is unclear, there could be self-assessment (Kasim & Sulaiman, 2009) and an effective audit may not be attained. Any unwarranted limitations to the auditors’ independence may not benefit the Ummah (the Shariah auditing’s social purpose).

2.4. Independence and Effectiveness of Internal Shariah Audits in Light of Islamic Agency Theory

The agency theory propagates that a contract is entered into by a person(s) (the principal(s)) with another person (the agent) to undertake a certain venture where the agent may be given some power to make decisions (Jensen & Meckling, 1976). From the investors’ point of view, the IFIs’ agency problem is more severe than traditional banking. This is because, with the exception of credit default, conventional banks provide a predetermined rate of return on investments for both fixed and floating interest rates. However, for Islamic banking, the rate of return is not predetermined and investors may find their investments to be either profitable or unprofitable due to the inherent risks shared by both the customers and the banks (Siddiqui, 2001). Safieddine (2009) mentioned that the IFIs’ agency problem does not only involve separation between ownership and control, it also involves the segregation of cash flow and control. Islam has always emphasized the significance of relationships. For Muslims, any relationship must start with a relationship with Allah SWT. The Quran says, “Behold a host gathered against you, so beware of them! - whereupon this only increased their faith, so that they answered, ‘God is enough for us; and how excellent a guardian is He”. The reliance on faith by building a solid connection with Allah SWT serves as a starting point for good relationships with others, both human and non-human. Islamic economics dictates that there are various types of relationship, such as between entrepreneurs (Mudarib) and capital providers (Rabbul mal), buyers and sellers, partners and capital providers, principals (Muwakkil) and agents (wakeel), beneficiaries (Muawikil) and contractors (wakif), as well as asset owners (Murtahin) and pledges (Marhun).

Some scholars have examined Islamic economics from the aspect of the principle–agent relationship (Ghafar, Ismail, & Tohirin, 2010; Pratomo & Ismail, 2006; Sarker, 1999; Umer & Habib, 2002). Similar to our research where Tawhid acts as our bearing, the guiding principle of this paper is the Tawhid epistemology where it is applied to the Islamic agency theory. The key elements of Khalifah (vicegerent), unity and Ihsan underlay the Islamic agency theory. Agency problems could be addressed using the unity concept as it emphasizes participation and cooperation, unlike the conventional agency theory where unity is absent (Shamsuddin & Ismail, 2013). The concept of unity must be instilled in all our undertakings; therefore, the internal Shariah auditors involved in an agency relationship that is Islamic-oriented must adopt the guidelines issued by the AAOIFI based on fatwas, as well as the directions given by the Shariah advisory board.

The Khalifah (vicegerent) and Ihsan concepts have a positive influence on relationships under the Islamic agency theory, whereas asymmetrical information amplifies agency problems. This occurs when the principal is unable to access all of the information available to the agent. Nonetheless, this issue will not arise if both parties are mindful of their relationships with Allah. The wakil (agent) should be aware of the obligation to provide the best for the Muwakkil (principal). Both parties understand that Allah knows everything and every action will be accounted for in the afterlife. As such, their decisions and actions must align with their obligations stipulated in the agency contract (Shamsuddin & Ismail, 2013).
The Islamic agency theory mentions that partners are to be respectful, patient, tolerant, and grateful and believe that reward will not only be in financial form, but in spiritual form as well (Allah’s blessing). All parties must avoid lying, conceit, shirking, and being jealous, which are all in contrast to Islamic teaching. Islam sees knowledge as an ongoing process for everyone to seek knowledge. Moreover, spreading knowledge is encouraged by the Prophet Mohammed (PBUH). “Allah illuminates a man who hears hadith from me preserves it carefully and passes it on to other”. As such, it is vital that Islamic training is implemented where knowledge, self-progress and ethical conduct are emphasized by corporations. The Quran and hadith are used by the Islamic agency theory to develop the characteristics and model of the IFIs’ economic relationship practices.

3. RESEARCH METHODOLOGY

A questionnaire was used to collect empirical data from Islamic banks operating in Bahrain. A five-point Likert scale that ranges from strongly disagree (1) to strongly agree (5) was used where the information obtained is ordinal. SPSS version 26 was used to analyze the data.

4. RESEARCH ANALYSIS

4.1. Demographic Profile

The demographic profile (see Table 1) shows that the mean score for items range from 1 to 2, with a standard deviation of 0.47. Out of the 82 respondents, 42 respondents are female (51.3%) and 40 are male (48.7%). With regard to age group, the mean scores range from 1 to 4, with a standard deviation of 1.38. The descriptive statistic revealed that 43 (52.4%) of the respondents were aged under 25 years, 20 (24.3%) were aged between 25–35 years, 12 (14.6%) were aged between 35–50 years, and 7 (0.08%) were aged above 50 years. It can be seen from Table 1 that most respondents have between 1–5 years’ experience (39.02%) and 36.5% have between 5–10 years’ experience. There are very few respondents with an experience of more than 10 years. In total, most of the respondents have between 1 and 5 years with a mean range between 1 and 3 and a standard deviation of 1.08, which reflect good responses.

| Attribute     | Std. Deviation | Min. | Max. | Frequency | Percent % |
|---------------|----------------|------|------|-----------|-----------|
| Gender        |                |      |      |           |           |
| Male          | 0.47           | 1    | 2    | 40        | 48.7      |
| Female        |                | 42   | 51.3 |           |           |
| Total         |                |      |      | 82        | 100%      |
| Age Group     | 1.38           | 1    | 4    |           |           |
| 1. Less than 25 years | 43 | 52.4 | | | |
| 2. 25–35 years     | 20 | 24.3 | | | |
| 3. 35–50 years     | 12 | 14.6 | | | |
| 4. Above 50 years     | 7  | 0.08 | | | |
| Total          | 82             |      |      | 100%      |           |
| Experience     | 1.08           | 1    | 3    |           |           |
| 1. Less than 5 years | 32 | 39.02| | | |
| 2. 5–10 years     | 30 | 36.5 | | | |
| 3. More than 10 years | 20 | 24.39| | | |
| Total          | 82             |      |      | 100%      |           |

As seen in Figure 1, most of the respondents emphasized that the organizational status of internal Shariah audits enables them to carry out their responsibilities appropriately. Remarkably, 59% of internal Shariah auditors in Islamic banks agreed (29.3% strongly agreed, and 29.3% agreed) that the organizational status of internal Shariah audits enables them to carry out their responsibilities effectively and efficiently. However, 10% of the respondents disagreed, while 30% were neutral. As such, from the results, it can be concluded that the general
perception towards the organizational status of internal Shariah audits enables all internal Shariah audit departments in Islamic banks to carry out their responsibilities appropriately. This finding is consistent with a study conducted by Khalid (2020) on the function of audit and governance committees for an effective internal Shariah audit in Islamic banks.

Figure 1 shows that most respondents agree (67%; with 31% who strongly agree and 35.8% who agree) that there has to be direct contact between the heads of internal Shariah audits and the board of directors. Only 9% disagreed with this statement. This signifies that it is imperative that there is direct communication and consultation between the BoD and the auditors. Therefore, to ensure an effective audit, the BoD must be directly informed. Communication is the means by which all parties are kept updated on Masalahah (public interest) (Khalid, 2020).

Figure 2 indicates the internal Shariah auditors’ perceptions towards the conflicts of interest that occur in the work of internal Shariah audit departments in Islamic banks. Nearly 80% agreed that conflict of interest is rarely present during their course of work. Nonetheless, only 7% disagreed or strongly disagreed with this issue. As such, the study could conclude that conflicts of interest are not present, or rarely exist in the work of internal Shariah auditors.
In relation to the accessibility of all departments and staff in Islamic banks to internal Shariah auditors, the focus is on unlimited access to every department and employee. Figure 4 shows that most respondents (75%) agreed to free access to every department and employee. Only 6% of the respondents disagreed or strongly disagreed. Therefore, most internal Shariah audit staff believe that unhindered access to every department and employee leads to an effective audit.

From our analysis, it is apparent that most of the internal Shariah auditors (71%) believe that they should be objective while performing their internal audit tasks. However, 9% of respondents disagreed or strongly disagreed (see Figure 5).
Figure 6 shows that the majority of internal Shariah auditors are capable of maintaining professionalism while performing audits (35%). On the other hand, 31% of the respondents disagreed.

Figure 6. Internal Shariah auditors should maintain professionalism while performing audits.

Figure 7 exhibits the internal Shariah auditors’ responses in relation to the possession of the necessary professional Shariah certification. The results show that 58% of internal Shariah auditors believe that they have the necessary professional certification to carry out an effective audit in Islamic banks. However, 18% did not agree with the statement. As such, the study concludes that most of the Islamic banks’ auditors in Bahrain are certified and are interested in achieving additional certificates, such as CIPA and CSAA.

Figure 7. Internal Shariah auditors have the skills to perform Shariah audits of IFIs.

As seen in Figure 8, internal Shariah auditors have the skills to perform Shariah audits in Islamic banks. As indicated by the results, 50% of internal Shariah auditors have the necessary skills and technical training to perform Shariah audits. However, 25% disagreed or strongly disagreed to this.

Figure 8. Internal Shariah auditors have professional Shariah certification.
In Figure 9, the majority (67%) of internal Shariah auditors believe that technical competency can be maintained through continuous education. However, only a handful of the respondents (8%) presumed that it would not be effective for internal Shariah auditors to maintain technical competency through continuous education. Therefore, this study concludes that based on the responses, the future direction of the profession can be predicted.

![Figure 9. Internal Shariah auditors maintain technical competency through continuous education.](image)

In order to develop an effective internal Shariah audit framework, the respondents were asked to estimate whether internal Shariah auditors exercise due professional care while performing audits. As seen in Figure 10, 76% of internal Shariah auditors agreed on exercising due professional care while performing audits in Islamic banks, while 1% disagreed.

![Figure 10. Internal Shariah auditors shall exercise due professional care while performing internal Shariah audits.](image)

5. CONCLUSION AND RECOMMENDATIONS

Using the Islamic agency theory as its theoretical foundation, this research explores the development of an effective internal Shariah audit framework. This study highlights the importance of effective and independent internal Shariah auditors. In the view that agency problems are more pronounced among Islamic banks than their conventional counterparts, auditors of the IFIs must be given more independence to achieve a similar performance level.

Existing studies have linked the effectiveness of internal Shariah audits to the independence of the auditors. Based on the results of the analysis, this study provides a fresh perspective to the development of an effective internal Shariah audit among Islamic banks by articulating independence and effectiveness through various aspects. This study posits that the Islamic agency theory may be employed as the foundation of an analytical framework, and this framework could be used to examine the effects of the various characteristics of independence on internal Shariah audit effectiveness. Generally, from the perspective of diminishing returns to scale, there will be greater
effectiveness when there is a higher level of independence. Nonetheless, as this study concentrates on theoretical constructs, there should be an empirical verification on the proposed conceptual model.

**Funding:** Authors appreciate the research support given by the Universiti Pendidikan Sultan Idris (UPSI), under university research grant activity (GPUF) 2020, code 2020-0167-106-01.

**Competing Interests:** The authors declare that they have no competing interests.

**Acknowledgement:** All authors contributed equally to the conception and design of the study.

**REFERENCES**

AAOIFI. (2020). *Accounting, auditing and governance standards for Islamic financial institution*. Manama: AAOIFI.

AAOIFI, A. (2019). *Accounting, auditing and governance standards for Islamic financial institutions*. Bahrain: AAOIFI.

Agarwal, G. K., & Medury, Y. (2014). Internal auditor as accounting fraud buster. *The IUP Journal of Accounting Research and Audit Practices, 13*(1), 7-29.

Ahmad, N., Othman, R., Othman, R., & Jusoff, K. (2012). The effectiveness of internal audit in Malaysian public sector. *Journal of Modern Accounting and Auditing, 5*(9), 53-62.

Ahmad, N., Othman, R., Othman, R., & Jusoff, K. (2009). The effectiveness of internal audit in Malaysian public sector. *Journal of Modern Accounting and Auditing, 5*(9), 53-62.

Al-Twaijry, A. A., Brierley, J. A., & Gwilliam, D. R. (2003). The development of internal audit in Saudi Arabia: An institutional theory perspective. *Critical Perspectives on Accounting, 14*(5), 507-531. Available at: https://doi.org/10.1016/s1045-2354(02)00158-2.

Arenas, A. A., Loebbecke, J. K., Elder, R. J., & Beasley, M. S. (2008). *Auditing: An integrated approach* (Vol. 8). Upper Saddle River, NJ: Prentice Hall.

Badara, M. A. S., & Saidin, S. Z. (2014). Empirical evidence of antecedents of internal audit effectiveness from Nigerian perspective. *Middle-East Journal of Scientific Research, 19*(4), 460-471.

BNM. (2011). Shariah governance framework for Islamic financial institution (SGF). Retrieved from: www.bnm.gov.my.

Endaya, K. A., & Hanefah, M. M. (2013). Internal audit effectiveness: An approach proposition to develop the theoretical framework. *Research Journal of Finance and Accounting, 4*(10), 92-102.

Errico, L., & Sundararajan, V. (2002). Islamic financial institutions and products in the global financial system: Key issues in risk management and challenges ahead (November 2002). IMF Working Paper No. 02/192, Available at SSRN: https://ssrn.com/abstract=1930788.

Feizizadeh, A. (2012). Strengthening internal audit effectiveness. *Indian Journal of Science and Technology, 5*(5), 2777-2778.

Flesher, D. L., & Zanzig, J. S. (2000). Management accountants express a desire for change in the functioning of internal auditing. *Managerial Auditing Journal, 15*(7), 331-337.

Ghafar, B., Ismail, A., & Tohirin, A. (2010). Islamic law and finance. *Humananomics, 26*(3), 178-199.

Haron, H., Chambers, A., Ramsi, R., & Ismail, I. (2004). The reliance of external auditors on internal auditors. *Managerial Auditing Journal, 19*(9), 1148-1159.

Ibrahim, S. H. M. (2000). Nurtured by 'Kufr': The Western philosophical assumptions underlying conventional (Anglo-American) accounting. *International Journal of Islamic Financial Services, 2*(2), 19-38.

IIA. (2010). Measuring internal audit effectiveness and efficiency. IPPF - Practice Guide.

ISRA. (2013). *Islamic financial system, principles & operations international Shariah research academy for Islamic finance (ISRA)*. Kuala Lumpur: ISRA.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305-360.

Kasim, N., & Sulaiman, M. (2009). Shariah auditing in Islamic financial institutions: Exploring the gap between the “desired” and the “actual”. *Global Economy & Finance Journal, 2*(2), 127-137.
Kasim, N., & Sanusi, Z. M. (2013). Emerging issues for auditing in Islamic Financial Institutions: Empirical evidence from Malaysia. IOSR Journal of Business and Management, 8(5), 10-17.

Khalid, A. A. (2020). Role of audit and governance committee for internal Shariah audit effectiveness in Islamic banks. Asian Journal of Accounting Research, 5(1), 81-89.

Mautz, R. K., & Sharaf, H. A. (1961). The philosophy of auditing: American accounting association. Sarasota, FL: American Accounting Association.

Mihret, D. G., & Yismaw, A. W. (2007). Internal audit effectiveness: An Ethiopian public sector case study. Managerial Auditing Journal, 22(5), 470-484.

Mulyany, R. (2008). Shariah audit for Islamic financial institutions: Perception of accounting academicians, audit practitioners, and shariah scholars. Master of Science in Accounting, International Islamic University Malaysia.

Murtuza, A., & Abdallah, W. (2007). Islamic Muhtasib And American CPAs: A comparative study of Institutions meant to protect public interest. Journal of Accounting, Business & Management, 14(1), 41-52.

Othman, R., & Ameer, R. (2015). Conceptualizing the duties and roles of auditors in Islamic financial institutions. Humanomics, 31(2), 201-213.

Pickett, K. S., & Pickett, J. M. (2010). The internal auditing handbook (Vol. 1058). Chichester: Wiley.

Pratomo, W. A., & Ismail, A. G. (2006). Islamic bank performance and capital structure. Germany: University Library of Munich.

Rahman, A. R. A., & Rahim, A. (2011). Enhancing the Integrity of Islamic Financial Institutions in Malaysia: The case for the Shariah Audit framework. ISRA International Journal of Islamic Finance, 3(1), 135-147.

Safieddine, A. (2009). Islamic financial institutions and corporate governance: New insights for agency theory. Corporate Governance: An International Review, 17(2), 142-158.

Sarker, M. A. A. (1999). Islamic business contracts, agency problem and the theory of the Islamic firm. International Journal of Islamic Financial Services, 1(2), 12-28.

Shafii, Z., Salleh, S., Zakaria, N., Hanefah, M. M., Ali, N. A. M., & Yunanda, R. A. (2014). Shariah audit certification contents: Views of regulators, Shariah Committee, Shariah reviewers and undergraduate students. International Journal of Economics and Finance, 6(5), 210-219. Available at: https://doi.org/10.5539/ijef.v6n5p210.

Shafii Z, S. S., & Hanefah, H. J. K. (2013). Human capital development in Shariah audit.

Shamsuddin, Z., & Ismail, A. G. (2013). Agency theory in explaining Islamic financial contracts. Middle-East Journal of Scientific Research, 13(4), 530-545.

Siddiqui, S. H. (2001). Islamic banking: true modes of financing. New Horizon, 109(2), 15-20.

Stewart, J., & Subramaniam, N. (2010). Internal audit independence and objectivity: Emerging research opportunities. Managerial Auditing Journal, 25(4), 328-360.

Uddin, M. H., Ullah, M. H., & Hossain, M. M. (2013). An overview on the basics of Islamic audit. European Journal of Business and Management, 5(28), 9-17.

Umer, C. M., & Habib, A. (2002). Corporate governance in Islamic financial institutions. Occasional Paper No. 6, Jeddah, IRTI/IDB.

Ussahawanitchakit, P. (2012). Audit independence of tax auditors in Thailand: Roles of ethical orientation, professional responsibility, stakeholder pressure, and audit experience. Journal of Academy of Business and Economics, 12(1), 1-11.

Yahya, Y., & Mahzan, N. M. (2012). The role of internal auditing in ensuring governance in Islamic financial institution (IFI). Paper presented at the International Conference on Business and Economic Research, 12-13 March 2012, Bandung, Indonesia.