

Exploring Undergraduate Students' Understanding of Shari'ah Auditing in Brunei

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Abstract: Islamic finance has recorded tremendous and stable growth over the past decades. However, there are various issues that could hinder its future growth and development. One of the most important issues is the lack of talents to cater for the industry. The purpose of this paper is to explore the undergraduate students' understanding of shari'ah auditing in Brunei. Shari'ah audit is the equivalent of the external auditors' assurances services only that they require additional shari'ah and Islamic finance knowledge. The paper uses quantitative approach of survey. Self-developed questionnaire are administered to respondents of the survey. The paper finds that students' understanding of shari'ah auditing is arguably "rudimentary" in nature. While the characteristics and knowledge expected of *shari'ah* auditor are well understood, the students are however unsure of the primary objective for *shari'ah* auditing. The paper highlights the practical imperative for the authorities to consider a holistic revamp of its education strategies in meeting future market demands for qualified and well trained shari'ah auditors. This paper is novel as it is the first attempt to gauge the undergraduate students' understanding of shari'ah auditing in Brunei. The undergraduate students are considered as one of the most important talent sources and need to be educated and trained accordingly.

Key words: Accountability · Honesty · Islamic accounting · Islamic finance · Shari'ah · Shari'ah audit · Shari'ah auditor

INTRODUCTION

Islamic finance has become a credible alternative to conventional, usury-based financing industry, registering a growth in excess of 20% in the past decades [1]. The religiously rooted industry has more than three hundred industry players called "Islamic Financial Institutions (IFIs)" operating in almost eighty countries globally with total assets stood at US\$1.3 trillion in 2011 [2,3] and reached US\$1.6 trillion in 2012 [1]. The Islamic finance assets in the Asian region alone constitute 22% of that amount [2]. Official statistics produced by KFH Research, an independent professional research house indicates that Islamic banking activities primarily drive the industry's expansion globally with an estimated asset size of USD1.1 trillion as at 2011, which value attributed to almost 81% of the whole *shari'ah* based finance assets worldwide.

This is followed by *sukuk* (Islamic bond) with 14% Islamic finance assets portion, equivalent to approximately USD178.2 billion outstanding *sukuk* value as at 2011. The global Islamic finance assets are further expanded by the Islamic fund management activities (4.5%) which assets under management closed to USD60 billion from 876 funds as at 2011. The remaining portion of the world Islamic finance assets (0.5%) as at 2011 came from *Takaful* (Islamic insurance).

Amongst the growing Islamic finance market in South East Asia (SEA) is a small Islamic Nation of Brunei, a sovereign state located on the north Coast of Borneo Island. The country's population stood slightly above four hundred thousand as at July 2011, [4]. Despite its small size geographically, Brunei recorded the second highest Human Development Index (HDI) among SEA nations (Singapore being the first) and this small Nation is classified as a "developed country" [5]. Consistent with

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its “developed country” status, Brunei is ranked fifth in the world by gross domestic product per capita at purchasing power parity of approximately US\$48,000 per capita [6]. This makes Brunei the fifth richest nation out of 182 nations in the world, primarily due to its extensive petroleum and natural gas field exploration and discovery activities.

The Brunei Islamic finance industry was practically introduced in 1991 following the establishment of the Country’s Trust Fund named *Tabung Amanah Islam Brunei Darussalam*, followed by the conversion of a conventional bank (Island Development Bank) into a full-fledged Islamic bank (Islamic Development Bank of Brunei (IDBB)) in January 1993 and later merged with Bank Islam Brunei Darussalam (BIBD). Among the Country’s notable Islamic finance progress includes the introduction of equity-based Islamic products of *Musharakah* (partnership) to finance Small and Medium Enterprises (SMEs) and a home-ownership financing based on *Musharakah Mutanaqisaha* instrument by BIBD in 2010. *Sukuk* (Islamic bond) issuance remains a rare debt instrument in Brunei with only two issuances to date. Its first *Sukuk Ijarah* was only available in 2006, issued by the then IDBB and subsequently a short-term money market *Sukuk Ijarah* program issued by the government.

The government continuously supports the Islamic finance development by providing the necessary infrastructure including the establishment of a regulatory authority called “*Autoriti Monetari Brunei Darussalam*” in 2010. It takes up the role of a central bank for Brunei, functions as a government institution that supervises and regulates the operations of the country’s Islamic banks. Further, the Centre for Islamic Banking, Finance and Management (CIBFM) was also established in 2012 by the Ministry of Finance, which aims at developing human talents required for the industry. Among others, it provides professional learning courses in various academic disciplines including banking, finance, insurance, capital market as well as general management.

At the global front, the immediate observable impacts arising from the emergence of Islamic finance industry are diverse. Among others it includes the surfacing of Islamic accounting to cater for the accounting and reporting requirements of Islamic financial transactions, *shari’ah* governance in the form of *shari’ah* audit or review, the consistent and increasing demand for knowledgeable and qualified individuals to serve as *shari’ah* advisors and *shari’ah* supervisory board members and finally the

official establishment of standard setters for IFIs such as the Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI) and the International Financial Services Board (IFSB). The former is an international non-profit organization established in 1991 which main objectives are to develop and disseminate Islamic based accounting and auditing thought and standards for IFIs. The latter on the other hand issues standards and guiding principles with the aim of promoting and enhancing prudential stability of the Islamic financial services industry globally.

Behind the façade of such outstanding industry’s development however, there remain unresolved critical issues warranting for immediate attention by industry stakeholders. The notable major impediments to the coordinated growth of this sacred industry include weak Islamic finance supporting infrastructure in markets in which Islamic finance activities are currently operating [3]. It covers that of legislative, regulatory, legal, accounting, tax, human capital and *shari’ah* governance and business framework. In the specific context of *shari’ah* governance, the *shari’ah* audit in effect pillars the *shari’ah* governance framework of IFIs by providing independent assurance to IFI’s diverse stakeholders on matters related to IFI’s operations including products and services [7]. This effectively ensures that IFIs are operating strictly within a *shari’ah* based operating environment.

Prior academic literature specific on *shari’ah* audit has indeed highlighted prevalent problems facing the Islamic finance industry which include the small and limited pool of available skilled human capital [8] in terms of knowledge and qualification [9] and lack of proper *shari’ah* audit framework [10]. Yaacob and Donglah (2012) conduct a survey in Brunei but they are using the postgraduate students as sample [11]. They find that the postgraduate students’ lack of understanding of *shari’ah* auditing is mainly due to inadequate exposure by the institutions of higher learning and the industry. The study conclude that there is an impending need to promote *shari’ah* audit as a future potential career in order to address the shortages of talent (qualified and knowledgeable manpower) in the Islamic finance industry. One of the most recent surveys (in 2011) conducted by *PriceWaterhouseCoopers* (PWC), a global professional accounting firm in Malaysia further reveals alarming *shari’ah* governance issues including the urgency in expanding the talent pool of *shari’ah* auditors, enhancing the comprehensiveness of *shari’ah* audit scope and improving *shari’ah* audit methodologies [3].

Arguably, the above identified problems represent a significant threat to the coordinated development of this religiously rooted industry. The study's conjecture is that education holds the key to address the above human capital issues. Accordingly, it undertakes a preliminary survey on Bruneian undergraduate students (currently enrolled in business and management related programs), whom are expected to be part of the country's *shari'ah* auditing labor market in the future. The survey aims at gauging undergraduates' knowledge on *shari'ah* auditing and their propensity of choosing *shari'ah* auditor as a prospect career. Among others, the students were asked on their perceptions with regards to *shari'ah* auditor's roles and responsibilities, characteristics needed for a *shari'ah* auditor and their current understanding with respect to the most suitable qualification(s) to become a *shari'ah* auditor.

The study finds that the understanding of Bruneian students towards *shari'ah* auditing is "rudimentary" on average. They understood well the characteristics and knowledge expected of *shari'ah* auditor but surprisingly however, they are unsure of the primary objective for *shari'ah* auditing activities. The results underscore the practical imperative for the Brunei government to consider a holistic revamp of its education strategies in meeting future market demands for qualified and well trained *shari'ah* auditors. The study considers the awareness on Islamic finance and its components among the undergraduate students as a crucial educational strategy as awareness forms part of the self-development processes. Awareness is however expires only when individuals deemphasize the importance of acquiring and broadening their knowledge frontier.

The paper is organized as follows: A discussion on auditing in general is presented next, followed by discussion on *shari'ah* audit. The roles, responsibilities and code of ethics of *shari'ah* auditor are also presented with the aim of putting the empirical survey into perspective. This is followed by sections explaining the empirical approach to the survey and its corresponding results. Final section presents relevant discussions arising from the empirical results, conclusion and some recommendations and suggested future research.

Auditing as a Discipline and Profession: Auditing is a specialized field which practically branches out from accounting. It involves individuals referred to as "auditors" to undertake the responsibilities of attesting that the "auditee(s)"-the one being audited have done their work according to prescribed pre-agreed rules,

standards or regulations. Audit comes in various forms including but not limited to financial, management and performance audit. In the specific context of financial audit, the American Accounting Association (AAA) defines auditing as:

- "A systematic assessments of evidences regarding economic events and to ascertain the correspondence of the two and communicate the results to interested users". (www.aaahq.org/audit)

In a much broader context, the International Federation of Accountants (IFAC), the global umbrella body for the accountancy profession defines auditing as:

- "An independent examination of financial statements or related financial information of an entity whether profit or not, irrespective of its size, or legal form, when such examination is conducted with a view to expressing an opinion thereon". (www.ifac.org)

Audit process is usually performed at auditee's premises during which an auditor will comprehensively assess auditee's systems and records for among others, accuracy and validity. This involves audit activities of analyzing firm's relevant risks as well as identifying system's loopholes and subsequently recommending the necessary controls. These practically require auditors to understand client's business processes and environment. In the specific context of financial audit, auditing activities and the corresponding independently expressed audit opinions conceptually adds credence to the financial statements produced by firm's management. Accordingly, this helps building confidence among financial statement users in relying on the audited financial statements to make appropriate and relevant decisions [12].

The auditing profession and hence its activities are primarily guided by professional standards called the International Standards on Auditing (ISA) issued by IFAC through the International Auditing and Assurance Standards Board (IAASB). Mirroring the operations of International Accounting Standard Board (IASB), the IAASB operates as an independent standard-setting body with the focus of serving the public interest by developing quality auditing and assurance standards as well as facilitating the convergence of international and local (national) auditing and assurance standards. Similar to the expected end results of global convergence to International Financial Reporting Standards (IFRS)

developed by IASB, the IAASB also envisaged that the convergence efforts towards single assurance standards would improve the quality and consistency of global auditing practices, thereby strengthening public confidence in the auditing and assurance profession.

Shari'ah Audit: Extant literature on auditing claims that *shari'ah* based auditing is relatively new, the earliest being after the emergence of IFIs during 1980s. The Islamic history however explains the reverse whereby the institution of *hisbah* was noted to have already established during the time of Prophet Muhammad (peace be upon him). It aims at assisting human being in worshipping Allah the Almighty by ensuring Allah's rights and the rights of other human beings are being properly observed and fulfilled. Even though it was institutionalized for the purpose of enjoining good and forbidding evil in general (as oppose to focusing specifically on economic and commercial activities), it forms an integral part of wider effort in establishing just economy in the society [8]. The contemporary role of the *shari'ah* auditor resembles the role of *muhtasib* in the traditional *hisbah* institution in the early period of Islam [11]. The *muhtasib* or *al-khatib* audits and checks on compliance and subsequently suggests recommendations on worldly matters from *shari'ah* perspective [13]. Arguably, while *shari'ah* audit may have some similarities with that of social accountability audit [14] in the specific context of auditing techniques, it is however significantly different in their respective philosophy.

The fact that auditing is not peculiar to the religion of Islam is further substantiated by the availability of auditing essence in various verses in the main source of knowledge to the Islamic religion called *Al-Quran*. The book is considered as the most sacred scriptures to Muslims and it contains the words of Allah which was sent down to His Messenger, Prophet Muhammad (pbuh). The followings are several audit related verses found in the Holy Scriptures:

- “Then as for he who is given his record in his right hand, He will be judged with an easy account and return to his people in happiness” (*Quran*, 84:7-9)
- “And indeed, [appointed] over you are keepers, Noble and recording. They know whatever you do” (*Quran*, 82:10-12)

The above verses indicate that Muslims (and non-Muslims alike) will be audited by Allah in the hereafter, during which human book of deeds will be

presented and human will subsequently be rewarded or punished based on the “*audit outcome*”. Comparably and in the specific context of Islamic financial system, *shari'ah* audit presents a system of compliance checking on its operations with regards to *shari'ah* rulings. The reward and punishment system comes in the form of public perceptions (negative or positive) and confidence towards the *shari'ah* based products offered by the IFIs. Consistent with such indirect *Quranic* explanation on auditing, *shari'ah* auditing has been comprehensively defined by [7] as “*a systematic process of objectively obtaining and evaluating evidence regarding assertions about socio-economic, religious and environmental actions and events in order to ascertain the degree of correspondence between those assertions and shari'ah and communicating the results to users*” (p.22).

The AAOIFI on the other hand provides a liberal view of audit from *shari'ah* perspective by merely referring it to the term “*shari'ah review*” without any further specifications. In AAOIFI's documents, the term “*shari'ah audit*” is used interchangeably to represent the checking of IFI's financial statements. The objective of IFI's auditing according to AAOIFI is “*to enable the auditor to express an opinion as to whether the financial statement are prepared, in all material respects, in accordance with shari'ah rules and principles, the accounting standards of AAOIFI and relevant national accounting standards and practices in the country in which the financial institution operates*” [15].

Shari'ah audit primarily aims at singularizing the religiously rooted financial system from its conventional counterpart, by undertaking the role of certifying the validity and enforceability of Islamic financial contracts adopted. Such role which is absent in the conventional financial system effectively addresses stakeholders' perceptions and hence public confidence towards IFI's operations. In a wider context, *shari'ah* audit forms an integral structure to the internal governance mechanisms of IFIs by providing the necessary supervision and monitoring towards the whole spectrum of IFI's operations [16].

Accumulating academic literature (empirical and theoretical) has highlighted critical problems associated with *shari'ah* auditing. Khan (1985) for instance in discussing the role of *shari'ah* auditor, argues the unreasonable situation of having auditors ‘*ingrained with secular capitalist philosophy*’ to audit IFIs on matters relating to *shari'ah* compliance [17]. Khan (1985) further suggests that auditing on IFIs must ideally be done by auditors trained in accounting and audit, as well

as having the necessary knowledge on *shari'ah* and *fiqh*[17]. A survey by Grais and Pellegrini [18] reveals the fact that the existing compliance structure in IFIs is alarmingly inadequate to address the issues of *shari'ah* compliance. They argued that the reliance on internal *shari'ah* review alone provides little assurance to IFI's customers on the entity's compliance level towards *shari'ah* rulings in their operations. Perhaps the most observable problem in *shari'ah* auditing is the lack of expertise and human talent to perform *shari'ah* audit, a point highlighted by [19] in their recent survey in the Malaysian context.

Desirable Ethical Dimensions of Shari'ah Auditor:

The *shari'ah* highly emphasizes morality or ethics in human conduct, consistent with the sayings (the *hadith*) of Prophet Muhammad (peace be upon him):

- “I have been sent to complement the noblest morals”.

Accordingly, individuals undertaking *shari'ah* auditing activities are expected to have the following fundamental characteristics (not exhaustive) as promulgated by the Islamic religion. The first is integrity, referring to individual's consistency with his or her innate purpose (Quran, 7:26). It reflects the extant of individual's life being kept in alignment with their intrinsic function of worshipping Allah (Quran, 51:52). Integrity effectively requires *shari'ah* auditor to be honest and truthful in all actions. As the end output of *shari'ah* auditing comes in the form of independent opinion with regards to *shari'ah* (non)compliance, observing integrity ensures accurate and impartial opinions by auditors. In this regards, accurate and impartial opinions further require auditors to be well-versed in their discipline and able to exercise authority with high competency. Islam further emphasizes the characteristics of *vicegerency* (*khalifah*) and accountability [20,21]. Human beings in Islam are effectively temporary trustee to resources available on earth [20]. Being Allah's vicegerent, human undertook the responsibility (*taklif*) of being the *khalifah* in this world. Allah says in the Quran:

- *Truly, we did offer Al-Amanah (the trust or moral responsibility or honesty and all the duties which Allah has ordained) to the heavens and the earth and the mountains, but they declined to bear it and were afraid of it (i.e. afraid of Allah's torment). But man, bore it. Verily, he was unjust (to himself) and ignorant (of the results)”* (Quran, 33:72).

Undertaking the responsibility necessitates human to take care and develop this world according to Allah's will. They will subsequently be made accountable for whatever (in)actions or decisions they made in this world [21]. *Shari'ah* auditors are therefore expected to constantly observe strong ethical values as the auditing tasks are principally an *amanah* (trust) to be questioned in the hereafter. The trust of expressing independent, correct and impartial opinions bears great repercussion not only to the auditors but also to other individuals relying on their opinions.

Investigating Undergraduates Students' Understanding of Shari'ah Auditing: the Method:

This empirical work aims at investigating Bruneian undergraduates' knowledge on *shari'ah* auditing and their propensity of choosing *shari'ah* auditor as a prospect career. Specifically, the students were asked on their perceptions with regards to *shari'ah* auditor's roles and responsibilities, *shari'ah* auditor's characteristics and their current understanding with respect to the most suitable qualification(s) to become a *shari'ah* auditor. Adopting a quantitative approach, this study used self-developed questionnaire survey to gather primary data from respondents. This is considered as the most appropriate method in collecting perspective information from respondents [22].

There are only three universities currently operating in Brunei (University A, B and C), all of which are used as the research sample. University A is the oldest university in the country, established nearly three decades ago. University B is a full-fledged Islamic university while University C is the youngest university, a former technical college recently upgraded to university status. All universities currently offer bachelors degree in business, economics, finance and accounting related programs. University A is the only university in the country which currently offers Masters Course in Islamic finance by coursework and by research.

Target respondents are undergraduate students in the field of business, finance, accounting and *shari'ah*. These students are selected as they are expected to become part of *shari'ah* auditing labor market in the future. Prior study by Yavas and Arsan (1996) found that students with accounting or auditing academic background are very likely to favor auditing as their career of choice [23]. As *shari'ah* auditors are also expected to possess business and *shari'ah* knowledge, students enrolling in these two courses are also considered. First year students were also surveyed as they were

found in previous studies to have made decisions with regards to their choice of profession during the first two years of their university studies [24-26].

A total of 69 students agreed to participate in the survey, representing 27% from University A, 40% from University B and 33% from University C. The number is reasonable as students' enrolment is on average, relatively small across the three universities given the small country's population. Further, a portion of the wealthiest elite societal group in the Country sent their children overseas (mainly western Nations) for quality education abroad, leaving a handful of youth to populate local universities. From the 69 copies of questionnaires distributed, 10 were unusable leaving only 59 copies available for analysis.

RESULTS AND DISCUSSION

Table 1 to 3 below explain respondents' demographic information, with 29% of them are male and the remaining 71% are female. Majority of respondents (95%) are in the age range of twenty (20) to twenty four (24) years old and mostly in their second and third year of study (87%). Only eight (8) respondents (13%) are in their final year of study.

Table 4 below shows the distributions of respondents according to their currently enrolled program. It indicates that almost all universities offer courses in finance with University C (U.C) having the highest number of students enrolling for the course. University B (U.B) being the sole full-fledged Islamic university in the country is the only university providing respondents majoring in *shari'ah*.

Table 5 above indicates that only 40% of the respondents expect *shari'ah* auditors to do both jobs of the normal financial auditors (i.e. expressing opinion as to whether the audited financial statements provide a true and fair view of IFI's financial positions) and the true role of *shari'ah* auditors (i.e. checking IFI's *shari'ah* compliance). This implies that majority of undergraduate students surveyed (60%) are not aware of what the precise role of *shari'ah* auditors. This is unsurprising as there are no specific academic courses or sections in any courses that touch on *shari'ah* auditing. The 40% view is however commendable as their understanding is apparently based on piecemeal knowledge of conventional auditing and *shari'ah* in isolation.

Respondent's views on the characteristics of a *shari'ah* auditor (based on AAOIFI) indicate high awareness among Brunei undergraduate students towards the expected characteristics traits of *shari'ah* auditors.

Table 1: Gender distribution (n = 59)

Gender	Frequency	Percentage
Male	17	29
Female	42	71
Total	59	100

Table 2: Age distribution (n=59)

Range	Frequency	Percentage
15 - 19	1	2
20 - 24	56	95
25 - 34	2	3
Total	59	100

Table 3: Year of study distribution (n = 59)

Year of Study	No	%
2 nd	24	41
3 rd	27	46
4 th	8	13
Total	59	100

Table 4: Enrolled program distribution (n=59)

	Enrolled program	(%)	Enrolled program	(%)
U. A	Business administration	5	Economics	2
	Accounting and Finance	18	Others	2
U. B	Islamic Finance	18	Business Management	3
	<i>Shari'ah</i>	14	Others	5
U. C	Accounting	-	Management	-
	Finance and commerce	2	Others	-
	Finance	31		-

Table 5: *Shari'ah* auditor's role (n=59)

<i>Shari'ah</i> auditors role	(%)
a) To express an opinion on the true and fair view of the financial statements	36%
b) To check that IFIs activities are <i>shari'ah</i> compliant	24%
c) Both	40%

Table 6: Characteristics of *shari'ah* auditors

Characteristics	(%)
Honesty	92
Accountability	81
Highly Ethical	78
Confidentiality	68
Competency	64
Independence	41

Table 7: Knowledge needed in a *shari'ah* audit profession

Discipline	%
Islamic Finance	93
<i>Shari'ah</i>	92
Auditing	81
Accounting	78
Conventional Finance	53

They ranked honesty as the first expected trait (92%), followed by accountability (81%), highly ethical (78%), confidentiality (68%), competency (64%) and the least is independence (41%). The low scoring on independence trait could potentially be attributed to their misconception with regards to the status of *shari'ah* auditor being part of the company, equivalent to the internal auditor or company's *shari'ah* advisors (Table 6).

Students were also asked of their views with regards to the necessary knowledge background to become *shari'ah* auditor (Table 7). They ranked Islamic finance as the most important knowledge background (93%) followed by *shari'ah* (92%), auditing (81%), accounting (78%) and the least important is conventional finance (53%). This reflects student's single-sided views whereby checking on *shari'ah* compliance to them requires little, if not none of conventional finance knowledge. This view effectively disregards the fact that Islamic finance knowledge is primarily developed based on conventional finance techniques modified to suit *shari'ah* requirements. Knowing both dimensions of finance essentially enables *shari'ah* auditors to analyze financial transactions and subsequently check on *shari'ah* compliance more effectively.

The final part of the questionnaire deals with questions of whether the profession of *shari'ah* auditor should be further emphasized in the Muslims dominated country and the student's view of making *shari'ah* auditor as a career choice. An overwhelming response of 91% agrees that *shari'ah* auditing should be properly developed and the regulatory framework and structure must be strengthened. These necessitate for this religious based profession to provide more exposure to potential participants in its labor market. Among common reason given by respondents in the questionnaire is the fact that Brunei is a country established under the Malay Islamic Monarchy system, with majority of the population are Muslims. This reinforces the practical imperative of properly developing the Islamic finance and putting it in the mainstream financing industry. Therefore, having a sound *shari'ah* auditing framework in fortifying the industry's integrity is not an option to Brunei.

Unfortunately, nearly three quarter of the respondents (approximately 70%) confirms that they are not aware of *shari'ah* audit being another profession available in their career choice list. A heartening rate of 60% of the respondents however plans to consider *shari'ah* audit as their prospect career upon graduation. These results should send a clear alarming signal to the Bruneian government as the development of this

religiously based industry is known to be a function of human capital development. Coordinated efforts are imperatively required to expose *shari'ah* audit as another promising profession in light of the industry's robust and exponential development.

In this regard, the government in collaboration with industry players and academia should therefore work towards developing a strategic, short and long term blue print for human capital development in meeting the industry needs. For instance, comprehensive revamp of the current academic curriculum should be done to reflect the market demand for knowledgeable and competent *shari'ah* auditor. For instance, universities in Brunei should consider incorporating *shari'ah* audit and Islamic finance as core subjects in their degree programs, or at least part of the respective conventional courses, even though the degree programs may not be purely Islamic. This should preferably be done at the earlier year of student's study period as the first course taken by students at undergraduate level provides significant impact on students' perceptions towards the prospective profession [27].

A more ambitious plan when the knowledge has been fully developed is to have stand-alone courses on *shari'ah* auditing and Islamic accounting and finance. As for graduated individuals without *shari'ah* knowledge, educational and professional institutions may offer a focused certified *shari'ah* programs, providing them with the necessary *shari'ah* knowledge of becoming *shari'ah* auditor. On the other hand, *shari'ah* graduates without accounting and finance background could also be offered courses on accounting and finance certification, thereby offering them with equal opportunities of becoming *shari'ah* auditors.

Apart from that, industry-academic linkages must also be further strengthened, engaging in activities that disseminate relevant information on Islamic finance including *shari'ah* audit to the public. IFIs could consider organizing frequent visits to higher institutions and employment roadshow to public, informing the "*positive sides*" of the profession such as vast employment opportunities available in the industry and long term career prospect [28] particularly on *shari'ah* auditing.

CONCLUSION

Despite the exponential growth of the Islamic finance industry and the fact that it forms an integral part of the industry's governance structure, *shari'ah* audit has perplexingly gained scarce attention [29]. The focus of

both academic research and industry's attention mainly falls on the industry's assets, products and services. De-emphasizing the check and balance (governance) perspective of the industry is unwarranted as it will adversely affect the industry's sustainability in the long run. As the sacred industry develops, the increasing demand for competent *shari'ah* auditors is inevitable. The current shortages on qualified individuals in the labor market has effectively dampens the industry's vision to serve the *ummah* and becoming a viable alternative to conventional, *shari'ah* non-complaint finance.

This study finds that *shari'ah* audit has not been comprehensively introduced to the potential auditing labor market participants (i.e. the undergraduate students). This is despite the students are currently enrolled in Islamic finance, accounting, business and *shari'ah* courses. The students are however found to have at least some basic ideas of what *shari'ah* audit is all about, particularly on the roles and ethical characteristics of *shari'ah* auditor. Concentrated and coordinated efforts between the government, industry and academia are further required to ensure the continuous supply of knowledgeable and qualified *shari'ah* auditor are not disrupted, potentially giving disastrous impact to this *shari'ah* based industry.

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