

Risk Mapping and Shariah Compliance at BPRS Mitra Syariah Mandiri

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Abstract

This study aims to explore and analyze the complexity of internal audit implementation in Islamic financial institutions, with the main focus on the Sharia People's Financing Bank (BPRS) Mitra Syariah Mandiri. This study was conducted through a comprehensive investigative approach throughout 2024, which includes collecting transaction data and evaluating existing operational mechanisms. In the audit process, the team managed to identify 276 critical transactions, with a total transaction value reaching IDR 45,250,000,000. The findings of the audit show that 94.2% of all transactions analyzed have met the rules and principles of sharia, with a contract structure that is in accordance with the provisions applicable in Islamic economic law. However, there are 5.8% of transactions that require in-depth improvements, especially in the aspect of the contract mechanism that needs to be adjusted to be more in line with the established sharia principles. This study also highlights the importance of the role of sharia audit in maintaining the compliance and integrity of Islamic financial institutions, especially in identifying potential risks and deviations that can harm institutions and customers. In addition, this study provides recommendations related to the need to improve internal systems and procedures to minimize transactions that are not in accordance with sharia provisions, as well as the importance of increasing human resource capacity in the field of sharia audit to support more effective supervision.

Keywords : *Sharia Audit, Transaction Risk, Sharia Compliance, Contract Mechanism*

INTRODUCTION

Islamic financial institutions face significant challenges in maintaining alignment between operational practices and the sharia principles that underlie their operations (Nasution, 2023). To ensure that transactions are carried out in accordance with Islamic law, sharia audits are a very important instrument in monitoring and evaluation. BPRS Mitra Syariah Mandiri, as one of the Islamic financial institutions operating in the Location area, faces transaction complexity that needs to be closely monitored. With various financing instruments offered, this institution must ensure that all its activities are not only profitable, but also in accordance with sharia principles (Nasution et al, 2024). In this case, sharia audits play a key role in ensuring that all transactions carried out by the institution do not violate the provisions applicable in Islamic law (Nasution & Welly, 2023).

According to Azizah Surury and Hamdan Ainulyaqin (2022), the biggest challenge in sharia audits is how sharia financial institutions can ensure compliance with sharia principles in every transaction and instrument used, such as financing, investment, and other products offered to the public (Surury & Ainulyaqin, 2022). As part of efforts to increase accountability and transparency, sharia audits also function to identify risks that may arise in transactions that have

the potential to violate these principles (Nasution et al, 2024). Therefore, it is important to continue to evaluate and monitor the implementation of sharia audits in sharia financial institutions in order to create a better and more secure system in accordance with Islamic principles (Nasution et al, 2021). Specific Problem Formulation:

1. What is the level of sharia compliance for each financing instrument used at BPRS Mitra Syariah Mandiri?
As a sharia financial institution, BPRS Mitra Syariah Mandiri has various types of financing that must be audited to ensure that everything is in accordance with sharia law. Financing such as murabahah, mudharabah, and musyarakah have different characteristics, which must be monitored to maintain compliance with sharia principles (Gunawan, 2016).
2. What risk models are identified in transactions conducted by BPRS Mitra Syariah Mandiri?
Identification of risks in transactions is very important in determining the right mitigation steps. Some risks that may arise include compliance risk, operational risk, and market risk. The existing risk model must be able to accurately describe the potential risks faced by this Islamic financial institution (Mardiyah et al., 2015).
3. How can risk mitigation mechanisms be implemented at BPRS Mitra Syariah Mandiri?
Once the risks are identified, mitigation mechanisms must be designed to minimize the negative impacts that may occur due to the risks. Effective mitigation measures are essential in maintaining the operational continuity of Islamic financial institutions and ensuring that financial practices remain in accordance with Islamic principles (Minarni, 2013).

RESEARCH METHODS

Investigation Design

This study uses a mixed- method approach with qualitative dominance , which aims to combine the depth of qualitative analysis with quantitative data that can describe more objectively the existing conditions and situations. The qualitative approach is more emphasized in this study because this study aims to explore more deeply about sharia compliance, risk mitigation mechanisms, and internal supervision at BPRS Mitra Syariah Mandiri, which requires not only statistical figures but also contextual understanding of existing practices.

Sampling Techniques

In this study, the sampling technique used is purposive sampling , where the sample selection is carried out intentionally based on consideration of certain criteria that are relevant to the research objectives. The selected sample is all transactions that occurred in the period January- December 2024 , which are considered to represent all transactions carried out by BPRS Mitra Syariah Mandiri. Sample selection is carried out by considering transactions that have significant value or transactions that are considered critical in relation to sharia compliance and risk.

Unit of Analysis

The unit of analysis in this study is all financing transactions carried out by BPRS Mitra Syariah Mandiri during the period January to December 2024. Each transaction analyzed will be evaluated based on the level of compliance with sharia principles, transparency in its implementation, and identification of potential risks that may arise. This unit of analysis aims to provide a comprehensive picture of how transactions occurring in the institution are in accordance with sharia principles.

Research Instruments

Some of the instruments used in this study include:

1. Sharia Evaluation Matrix, this matrix is used to assess the extent to which transactions carried out by BPRS Mitra Syariah Mandiri are in accordance with sharia principles. This matrix consists of several criteria, such as conformity of the contract, type of financing, and conformity with applicable fatwas or sharia provisions.
2. In- depth Interview Protocol, the interview protocol was used to conduct interviews with relevant parties in BPRS Mitra Syariah Mandiri, including internal auditors, operational managers, and several customers. The purpose of this interview was to obtain direct views and experiences related to the implementation of sharia audits and internal supervision in the institution.
3. Contract Compliance Checklist, this checklist is used to check and evaluate every financing transaction carried out by BPRS Mitra Syariah Mandiri. This checklist includes important points in the agreement that must be met to ensure that the transaction is in accordance with sharia provisions, such as clarity of the object of the agreement, objectives that do not conflict with sharia principles, and the presence of halal profit elements.
4. Tiered Risk Assessment System, this system is used to assess and measure the risks that may arise in transactions carried out by BPRS Mitra Syariah Mandiri. This risk assessment is tiered, starting from the simplest to the most complex risk identification, as well as how to mitigate them in accordance with the procedures applicable in the institution.

Research Variables

This study examines several main variables that will be analyzed to determine how well the transactions and policies implemented at BPRS Mitra Syariah Mandiri comply with sharia principles and internal control, including:

1. Conformity of the Contract, this variable measures the extent to which transactions are carried out in accordance with the provisions of the contract stipulated in sharia law. This aspect includes the clarity and suitability of the terms of the contract in each financing transaction that occurs at BPRS Mitra Syariah Mandiri.
2. Transaction Transparency, this variable assesses the extent of transparency in the implementation of transactions, including the openness of information to customers and related parties. This transparency is important to maintain customer trust and ensure that there are no suspicious transactions or transactions that violate sharia provisions.
3. Sharia Risk, this variable identifies and assesses risks related to sharia compliance in each transaction. Some of the risks evaluated include the risk of compliance with sharia principles and risks related to financing management that is not in accordance with Islamic law.

Internal Control Mechanism, this variable measures the effectiveness of the internal control systems and procedures implemented to mitigate risks and maintain compliance with sharia principles. This includes how sharia audits are conducted, as well as how the institution ensures that all internal transactions and policies are carried out in accordance with sharia provisions.

RESULTS AND DISCUSSION

Transaction Mapping Based on Contract

In this study, transactions carried out by BPRS Mitra Syariah Mandiri were analyzed based on the type of contract used. Transaction mapping shows that the majority of transactions use Mudharabah, Musyarakah, and Murabahah contracts. The following is transaction mapping data based on the contracts found during the period January to December 2024:

Table 1. Transaction Mapping Data

Types of Contracts	Number of Transactions	Transaction Value	Compliance Level	Risk Detected
Mudharabah	87	Rp. 12,500,000,000	96.5%	Low
Musyarakah	63	Rp. 8,750,000,000	92.3%	Intermediate
Murabahah	126	Rp. 24,000,000,000	93.7%	Currently

From the results of this mapping, it can be seen that Mudharabah has the highest level of compliance (96.5%) with relatively low risk, while Musyarakah and Murabahah show slightly lower levels of compliance, 92.3% and 93.7% respectively. However, although these transactions show a high level of compliance, there are several risks identified in the implementation mechanism that still need attention.

Critical Findings

1. Contract Documentation Anomaly, a total of 16 transactions were found with imperfect contract documentation. The majority of these findings occurred in Musyarakah contracts. These documentation anomalies have the potential to pose significant legal risks, with around 37% of the findings indicating the possibility of legal problems that must be addressed immediately to avoid losses or legal uncertainty in the future.
2. Margin Deviation Indication, in several transactions, there were deviations in margins that exceeded the reasonable limits set in sharia regulations. A total of 8 transactions showed margins outside the reasonable standards with a deviation range of 0.5% to 1.2%. Although this deviation figure is not yet significant, there is still the potential for violations of sharia principles, especially in terms of transparency and fairness in transactions.

Comprehensive Risk Analysis

Based on these findings, the sharia risk map at BPRS Mitra Syariah Mandiri can be described as follows:

1. Documentation Risk : 42%;
2. Risk of Contract Non- Compliance : 28%;
3. Margin Risk : 18%;
4. Operational Risk : 12%.

This risk map shows that documentation risk is the biggest issue that needs primary attention, followed by the risk of contract non-compliance which is also significant. Margin risk, although relatively small, still needs to be observed because it can have implications for compliance with sharia principles. Operational risk must also be considered, although at a lower level. IN.

Interpretation of Findings

The complexity of sharia transactions at BPRS Mitra Syariah Mandiri reveals that although the overall level of sharia compliance reaches 94.2% , there are still critical gaps that need to be addressed immediately. Most transactions are in accordance with sharia principles, but the existence of anomalies in the documentation of contracts and margin deviations indicate incompleteness in the implementation procedures that require systemic improvements. The deviation patterns found are not systematic, but can develop into bigger problems if not addressed immediately. Therefore, there needs to be a continuous prevention mechanism that strengthens the supervision system, both in terms of documentation, contract compliance, and margins applied in transactions.

Theoretical Implications

This study provides several theoretical contributions to the development of literature on sharia audits in Islamic financial institutions, especially related to the implementation of internal control and supervision of sharia compliance:

1. **The Importance of Continuous Supervision** : This finding shows that periodic and continuous supervision is very important to ensure that transactions carried out are truly in accordance with sharia principles and are not influenced by external factors that can damage the integrity of the institution.
2. **The Need for a Digital Documentation System** : Anomalies in contract documentation show the importance of implementing a digital documentation system that can improve accuracy, efficiency, and transparency in the process of implementing sharia transactions.
- Strengthening Human Resources Capacity in Understanding Sharia Nuances** : This finding also highlights the importance of training and developing human resources (HR) who have a deep understanding of sharia principles in every transaction carried out. This will help in increasing awareness and compliance with sharia rules at every operational level.

CONCLUSION

This study evaluates the level of sharia compliance at BPRS Mitra Syariah Mandiri with results showing that 94.2% of the analyzed transactions have complied with sharia principles. However, 16 critical transactions were found with imperfect documentation, especially in the Musyarakah contract , as well as 8 transactions with margin deviations that have the potential to violate sharia principles. Identified risks include documentation risk (42%), contract non-compliance (28%), and unreasonable margin (18%). These findings emphasize the need for improvements in the documentation system and strengthening of internal audit mechanisms. Development of a digital documentation system, further training for operational personnel, and more frequent internal audits are needed. Thus, despite the high level of Sharia compliance, some structural improvements can strengthen operational integrity and prevent further risks.

The development and implementation of a digital documentation system is highly recommended to improve the efficiency of recording and managing transactions. With this system, every transaction can be recorded automatically and easily audited, minimizing human error, and ensuring accuracy and transparency in every recording process. The digital documentation system also facilitates access for related parties in the process of monitoring and controlling transactions, which in turn can support compliance with sharia principles. Improving the understanding of sharia principles among operational staff is very important. Therefore, Islamic financial institutions need to provide more intensive training, both related to technical aspects and sharia aspects. This training will strengthen their knowledge in carrying out operations in accordance with sharia provisions, reduce the risk of deviation, and improve the quality of service to customers. Operational staff who fully understand sharia principles can be wiser in making decisions and assessing each transaction. Islamic financial institutions need to implement internal audits routinely and quarterly to ensure that every transaction carried out is in accordance with sharia principles. Quarterly audits will provide an opportunity for institutions to periodically evaluate their operational policies and practices, detect potential deviations early, and provide recommendations for improvement. Periodic audits also ensure that institutions remain compliant with regulations and maintain sharia integrity in every aspect of their operations. Strengthening the contract review mechanism for each transaction is an important step to ensure that the contracts made are truly in accordance with sharia principles. A stricter review mechanism can help detect and correct deviations early on, and ensure that every contract made is not only legally valid, but also in accordance with sharia principles. This can also strengthen customer trust in sharia financial institutions, because they feel that the transactions they make are truly transparent and legitimate.

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