Shariah Audit and Shariah Review Course for Islamic Financial Institutions

3 – 7 May 2027
Barcelona - Eixample district four-star



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Introduction:

Shariah audit and Shariah review for Islamic financial institutions is a 1-week course for Shariah reviewers, internal Shariah auditors and internal auditors, ending with a Risk-Based Shariah Audit Plan and Engagement File for a case finance company. Islamic banks, finance companies and takaful operators lose credibility with their Shariah board, investors and customers when audits sample the wrong products, working papers cannot support a finding or tainted income stays unpurified. Nominees already review transactions or audit operations and work through case studies on real financing files, board resolutions and income ledgers. CoreConcept Training Center delivers this Shariah audit and Shariah review course.

Course Objectives:

- Define the mandate, independence and reporting lines of the internal Shariah audit unit against AAOIFI governance standards and the Three Lines Model
- Build a Shariah audit universe and score Shariah non-compliance risk to set an annual audit plan and rotation cycle
- Test murabaha, ijarah, musharaka and treasury files against Shariah board resolutions using attribute and monetary unit sampling
- Document evidence in structured working papers that a reviewer and the Shariah board can rely on
- Quantify non-compliant income and route it to the charity account through a documented purification procedure
- Rate findings, report them to the Shariah board and audit committee, and track remediation with Shariah compliance and internal audit

Target Audience:

- Managers responsible for internal Shariah audit engagements in Islamic banks and finance companies
- Managers who carry out post-transaction Shariah review of financing, deposit and treasury activity
- Internal audit managers whose plans include Islamic windows, Shariah-compliant products or takaful lines
- Shariah compliance managers who coordinate remediation of audit findings with business units
- Secretariat managers who prepare papers and resolutions for the Shariah board and audit committee

Course Outline:

Day 1: Shariah Governance Architecture and the Audit Mandate

- AAOIFI Governance Standards Mapping Shariah Board, Audit and Compliance Roles
- Three Lines Model Applied to Shariah Review and Internal Audit
- Shariah Audit Versus Shariah Review Versus Ex-Ante Product Approval
- Shariah Audit Charter, Independence, Reporting Lines and Access Rights
- Current-State Maturity Scorecard for an Existing Shariah Audit Unit

Day 2: Risk-Based Shariah Audit Planning and the Audit Universe

- Shariah Audit Universe Inventory of Products, Branches and Processes
- Shariah Non-Compliance Risk Scoring by Impact and Likelihood
- Annual Shariah Audit Plan Rotation Cycle and Resource Budget
- Engagement Planning Memorandum With Scope, Criteria and Board Resolutions
- IFSB-31 Supervisory Expectations Translated Into Audit Plan Coverage

Day 3: Product and Transaction Testing, Sampling and Working Papers

- Murabaha Sequence Testing of Purchase, Possession and Sale Dates
- Ijarah and Musharaka File Testing Against Shariah Board Resolutions
- Attribute and Monetary Unit Sampling for Shariah Transaction Testing
- Working Paper Structure With Evidence Index, Tickmarks and Reviewer Sign-Off
- Treasury Placement and Investment Screening Against Approved Shariah Parameters

Day 4: Non-Compliant Income, Finding Ratings and Board Reporting

- Non-Compliant Income Identification, Quantification and Charity Account Purification
- Shariah Finding Rating Scale With Root Cause and Remediation
- Shariah Audit Report to Shariah Board and Audit Committee
- Follow-Up Tracker for Overdue Actions and Repeat Shariah Findings
- Coordination Protocol Between Shariah Review, Compliance and Internal Audit

Day 5: Case Study on a Finance Company Shariah Audit Plan and Engagement File

- Case Finance Company Audit Universe and Risk Scoring Exercise
- Sample Selection and Testing of Case Murabaha and Ijarah Files
- Purification Calculation on Case Late-Payment and Non-Compliant Income
- Draft Findings Defended Before a Mock Shariah Board Panel
- Risk-Based Shariah Audit Plan and Engagement File Completion

Skills You Will Gain:

- Shariah Audit Universe Design
- Non-Compliance Risk Scoring
- Transaction Sampling Techniques
- Audit Working Paper Documentation
- Income Purification Calculation
- Finding Rating and Root Cause Analysis
- Shariah Board Report Writing
- Remediation Follow-Up Tracking

Why Attend This Course:

- Present a Risk-Based Shariah Audit Plan and Engagement File to the head of Shariah audit and the Shariah board for approval
- Decide which products, branches and processes receive full testing, rotation coverage or desk review in the coming audit cycle
- Avoid unsupported findings, missed purification amounts and repeat exceptions that weaken the institution before its board and supervisor
- Coach junior reviewers on sampling choices, working paper standards and finding wording used across the Shariah audit unit

Conclusion:

Back at work, the participant hands the Risk-Based Shariah Audit Plan and Engagement File to the head of Shariah audit, the Shariah board secretariat and the audit committee chair. They use it to approve audit coverage for the coming cycle, agree which product lines are tested in depth and settle how purification amounts are verified. After the first engagement under the plan, the unit should compare finding volumes, purification adjustments and remediation times with the plan, then recalibrate risk scores and sample sizes.

Frequently Asked Questions FAQ:

What should participants know before a Shariah audit and Shariah review course?

Participants should already review Islamic finance transactions or audit banking operations and know the main sale, lease and partnership contracts. No Shariah scholarship qualification is expected. An anonymised financing file or past Shariah audit report makes the case work more useful.

How does Shariah audit and Shariah review differ from a course on Islamic banking contracts?

This course teaches how to plan, test, document and report a Shariah audit engagement. A contracts course explains how financing products are structured and priced, which this course assumes participants already understand and does not teach again.

Why is income purification a core part of Shariah audit and Shariah review?

Income earned from a transaction that breached a Shariah board resolution cannot be recognised as profit. The auditor quantifies it, confirms its transfer to the charity account and checks that the root cause is fixed, protecting depositors and shareholders alike.

What do participants take back from the Shariah audit and Shariah review course?

Participants take back a Risk-Based Shariah Audit Plan and Engagement File for a case finance company, holding the audit universe, risk scores, sample design, tested working papers, purification figures and draft findings ready to adapt to their own institution.