

## **OPTIMIZATION OF SHARIA AUDIT OF ISLAMIC FINANCIAL INSTITUTIONS ON EMPLOYEE PERFORMANCE AT BANK SYARIAH MANDIRI BONDOWOSO**

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### **Abstract**

This study aims to determine the extent of the implementation of sharia audits on Islamic financial institutions in reviewing employee performance. In addition, the function of sharia audits is to control the supervision system, examining sharia financial institutions so that they remain in compliance with sharia principles in the application of audits.

This research method uses descriptive qualitative methods in the assessment of the state of the research object. In the end, a conclusion will be drawn and described with a theory that is already in force and with regard to the object of research.

The results of this study are the application of the concept of good corporate governance in the sharia audit process at BSM Bondowoso where the intended concept is the application of sharia principles as compliance in the employee performance audit process applied by BSM Bondowoso, while the sharia audit process itself is reviewed from several values among fairness, partnership, openness, the application of values is carried out by the internal supervisor when conducting the audit process by the internal supervisor to all employees without fail. In the concept of good corporate governance, it is not only focused on the implementation of the sharia audit process, even BSM Bondowoso gives rewards and punishments to employees who apply sharia principles and compliance and maintain the good name and advance BSM Bondowoso and serve customers optimally and serve professionally by implementing values of siddiq, fathanah, professional as the slogan and work culture of BSM Bondowoso.

It can be concluded that the implementation of sharia audits on BSM employee performance is applied to all employees without exception of sharia principles, while the concept of good corporate governance is evaluated in terms of employee performance applying the principles of justice, partnership, and openness carried out by internal supervisors. In addition, BSM Bondowoso provides rewards and punishments to employees who have helped develop BSM Bondowoso progress and work professionally and apply Siddiq Fathanah's values and professionalism in serving BSM Bondowoso customers.

**Keywords:** Sharia Audit, Financial Institutions and Employee Performance

## Preliminary

### Background

Internal audit is a system of examination, testing, evaluation of the running of the system and the feasibility of an organization, even this system is carried out to determine the development of the organization such as the achievements and failures in an organization it self.<sup>1</sup> In the internal auditing process there are auditors who act as determinants of policies that have been agreed and adhered to together made by the leadership of the organization or company manager to determine the feasibility, security, effectiveness and efficiency of a company's own procedures. From the above understanding it can be seen that the internal audit function is a free valuation activity, which is contained within the organization, which is carried out by checking accounting, finance, and other activities. To provide services for management in carrying out their responsibilities. By analyzing, assessing, recommending, and making important comments on management activities, the internal auditor provides the service. Internal audit deals with all company activities, so it is not only limited to auditing accounting records.

Sharia compliance audit is a process of regular checks on compliance with all activities in Islamic financial institutions from financial statements, products, IT use, operating processes, parties and some improvement in employee performance in the Islamic financial institutions and observing the parties involved in activities sharia financial services business, documentation, and contract policy procedures that exist against sharia principles<sup>2</sup>.

In the general standard it is said that the independent auditor must carry out his duties carefully and thoroughly. Accuracy and thoroughness emphasize the responsibility of every audit officer working in a public accounting firm. Accuracy and equality regarding what the auditor does and

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<sup>1</sup> Hiro Tugiman, *Standar Profesional Audit Internal*. Yogyakarta: Kansius, 2010, 11

<sup>2</sup> Yaacob, Hisam, "Exploring Undergraduate Students' Understanding of Shari'ah Based Audit: Implications for the Future of Shari'ah Auditing Labor Market in Bru- nei". *Asian Journal of Finance & Accounting*. Volume 5, ISS 2, 1946-052X, PP 84-100.2013

how perfect the work is. Accountability explains the role and responsibilities of the examiner in carrying out checks and discipline in completing work and reporting. The quality of the results of the examiner's work can be influenced by the sense of accountability (accountability) owned by the examiner in completing the audit work. Accountability is a social psychological impetus that a person has to fulfill obligations that will be accountable to their environment.

As happened to businesses in other financial institutions, the greater the volume of business transactions, the greater the possibility of abuse of trust, especially from the insurer's side.

Therefore, Sharia Banking as one of the financial institutions based on Islamic Shari'a becomes *uswah hasanah* in the implementation of Good Corporate Governance (GCG). Islamic banks must be at the forefront in implementing GCG. The implementation of Good Corporate Governance in Islamic banks, not only increases public trust in Islamic banks, but also is part of efforts to increase public confidence in national financial institutions and banks.

Even the application of the Good Corporate Governance concept has had a positive impact on improving employee performance in providing services and ensuring compliance in this audit process. The GCG concept gives a role in providing customer performance and trust in Islamic financial institutions in terms of professional employee performance and applying principles Islamic principles.

## **Theoretical Review**

### **Audit in a perspective in the banking and sharia audit framework in Islamic financial institutions**

Sharia audit is a system of systematic checks on all compliance based on sharia principles in financial statements, products, use of IT, operating processes, parties involved in LKS business activities, documentation and contracts and even other policies and procedures that require adherence to the

principles sharia.<sup>3</sup> The main objective of auditing LKS is to provide an opinion on the financial statements prepared by management (company), in all material aspects that are in accordance with sharia law and principles, AAOIFI, and national accounting standards of the country concerned. In other words, audits in LKS are not only limited to the general rules of financial audit which are still reviewed from sharia aspects.<sup>4</sup>

Audit is the process of gathering and evaluating an information to prove that the information is true in accordance with the existing criteria. In some audit processes there are several standards to achieve the reference and auditing process conducted by the auditor both externally and internally. Whereas internal audit is an evaluation carried out by an internal agency of the agency including supervisors and leaders.<sup>5</sup>

Based on the above definition, we can perspective the function of the audit carried out based on the attitude of distrust or caution regarding the possibility of reports presented by the company containing incorrect information that could harm other parties who do not have the ability to access information sources. In this function referred to as "tabayyun" or check the truth of the news delivered from sources that are not trusted as the Word of God in the letter Al-Hujurat verse 6:<sup>6</sup>

يَا أَيُّهَا الَّذِينَ ءَامَنُوا إِن جَاءَكُمْ فَاسِقٌ بِنَبَأٍ فَتَبَيَّنُوا أَن تُصِيبُوا قَوْمًا بِجَهَالَةٍ فَتُصْحَبُوا عَلَىٰ مَا فَعَلْتُمْ نَادِمِينَ ﴿٦﴾

*Meaning: O you who believe, if a wicked person comes to you with a message, then examine carefully so that you do not inflict disaster upon a people without knowing the circumstances that cause you to regret your actions.*

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<sup>3</sup> Yaacob, H. (2012). Issues and Challeges of Shariah Audit in Islamic Finance Institution: A Contemporary View . 3rd International Conference On Business And Economic Research (3rd ICBER 2012) Proceeeding. Bandung.

<sup>4</sup> Sultan, S. A. (2007). A Mini Guide to Shari'ah Audit for Islamic Financial Institutions-A Primer. CERT Publications Sdn Bhd

<sup>5</sup> Hery, *Auditing & Asurans Pemeriksaan Akuntansi Berbasis Standar Audit Internasional*, Jakarta: Grafindo 2018. 220

<sup>6</sup> Harahap, D. S, *Auditing Dalam Prespektif Islam*” . Jakarta: PT. Pustaka Quantum, 2002, 245

## Sharia Audit Process in Islamic Financial Institutions

In Islamic financial institutions there are audits or controls on several matters relating to financial reporting, activities in an Islamic financial institution or organization based on the Qur'an and Sunnah. As for how many letters explaining the audit or control in an institution, including Al-Surat maidah verse 8, al-ashr 1-3.<sup>7</sup> Before getting to know the audit system in Islamic financial institutions, there were a number of introductions of the audit system, including a multi-layered system, where a multi-system audit was conducted if several people in the Islamic financial institution themselves committed fraud that resulted in the loss of the bank or financial institution.<sup>8</sup>

Therefore it is necessary to do an audited audit as for the implementation of the audit function there are several layers that must be prepared by Islamic financial institutions such as self-control and integrated control.<sup>9</sup> In Qur'an has been explained a lot about self-control namely in the Qaf verses 16-18, al an'aam verse 59, Surah Yasin verse 12, Surah al-Baqarah verse 255 where the contents of the word of God above have the opinion that we do our actions and actions we are watched by God and will be accounted for in the hereafter.<sup>10</sup> In addition to self-control in the audit system there is also a unified control where the unified control is a set of rules that must be obeyed by all employees that have been agreed upon and set into standard procedures in an institution for the realization of a good institution of performance there are some things money must be paid attention to by employees such as dual control, dual custodian, maker approval approval, limitation, segregation of duties, verification and others.<sup>11</sup>

The first time the term GCG was introduced around 1992. However, in Indonesia this term was only introduced in the 1999. The definition of good corporate governance is a set of rules that bind the relationships that exist

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<sup>7</sup> Andri Soemitra, *Lembaga Keuangan Syariah*, Jakarta : Kencana 2016, 66

<sup>8</sup> AAOIFI, *Acounting and Auditing Standard for Islamic Financial Intiution*, Babrain 1997

<sup>9</sup> Amran Suadi, *Penyelesaian Sengketa Ekonomi Syariah Teori dan Praktik*, Jakarta: kencana, 2017, 70

<sup>10</sup> Syafii antonio, *Bank Syariah Dari Teori Ke Praktik*, Jakarta: Gema Insani, 2001, 210

<sup>11</sup> Syafii Antonio, *Bank Syariah Dari Teori Dan Praktik*, 2001, 211.

between the owners, managers, shareholders, employees, creditors, and the government as well as other parties who have an interest either those who are internal or external entities. Simply stated, the purpose of GCG is to provide benefits for its users.

In its development, GCG can be reviewed in an Islamic perspective. In general, Islam has a more complete concept and morality *kharimah*. Good entity governance is simply a good corporate governance (GCG). Here is GCG in an Islamic perspective:<sup>12</sup>

- 1) Monotheism; This concept is the basic and main concept in the teachings of Islam which includes all activities of Muslims both in the political, social, economic and cultural fields. When trying to do so, it should first be known that religious law has governed trade management so that trading activities do not carry out illicit trading practices and are detrimental to members of the general public.
- 2) Taqwa and pleasure; This principle implies the upholding of Islam, namely taqwa to Allah SWT. Business should be run not because there is a compulsion, it must be run voluntarily, even when conducting trade it is not permissible to do so by force and cheating.
- 3) Balance and fairness; Balance and justice are equality in Islam. Balance explains physical phenomena although they have a social impact which in turn encompasses the realm of justice, including justice in the economic field
- 4) Benefit; In this principle benefit is the welfare of the world and the hereafter. The following benefits are trying to realize the 5 basic needs, namely the maintenance of: a) Religion; b) Intellect; c) Soul; d) Heredity; and e) Property.

Application of Sharia Audit in Sharia Financial Institutions in Sharia Banking  
Sharia audits carried out on Islamic financial institutions as a whole have carried out in accordance with generally accepted principles referring to

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<sup>121212</sup> Hayyi dan Abdul, Efektifitas Pengawasan Bank Syariah (Studi Terhadap Pengawasan DPS BPRS di KotaMataram) Tesis.Universitas Islam Negeri Sunan Kalijaga.2011.6

Islamic principles. To be easy in carrying out audits by utilizing internal auditors. Furthermore, to realize the forms of objectivity and independence, the financial statements are also audited by an external auditor.

Internal Audit is an audit activity carried out by every financial institution in the banking system, so it is expected that by carrying out this audit activity, the activity of preparing financial statements has been carried out in accordance with the principles and procedures generally accepted both according to PSAk and the standards issued by AAOIFI. Internal audit is routinely carried out, that is, once in an accounting year period or once a year by the internal supervisor. Whereas for auditing financial statements other than being audited by internal audits, each BPRS, BSM and BMT institutions have used the services of a Public Accountant office to audit periodically at least once a year.

The form of supervision carried out by auditors in branch offices in BPRS, BSM and BMT results in the finding that in preparing and presenting financial data reports are still inaccurate, the lack of human resources in each branch office makes the auditor internal difficulties and overwhelmed in examining supporting data in compile financial reports. The role of HR performs a performance evaluation every three months, while for a comprehensive assessment of the financial statements is carried out once a year. A sufficient number of HR is very helpful to ease the internal audit task. Although there is supervision on the BPRS, internal audit and good implementation of GCG does not mean that they must replace the roles assumed by BMT, BSM and BPRS management and do not provide guarantees if BMT, BSM and BPRS will be free from losses and crisis. From the interviews it was found that if this could arise due to other reasons, namely asymmetric information, human error, lack of clarity in implementing reward and punishment systems and policies on company regulations.

Good Institutional Governance Implementation in BPRS BSM and BMT

Specifically, the entity in carrying out its internal audit function relies on the organization to specifically ensure that risk management and overall internal control as well as effective performance are consistent with the expectations of the management. Internal audit functions not only to find problems but also to provide solutions in order to improve management's proposal. Internal auditors play an active role and are directly involved in overseeing the activities of business units owned by BMT and BPRS. In addition to acting as a supervisor, it also has the role of providing business process consultations. The role of the internal auditor is not only to detect early in the event of fraud but the hope is to be able to reduce losses caused by errors and fraud early on.

The influence of the internal auditor's role on GCG implementation is proven if the concept of supervision, governance in Islamic financial institutions. Internal supervision in BPRS and BMT is explained if internal supervision does not replace the role of bank management for fraud.

Accountability of Islamic financial institutions implement generally accepted rules. LKS has implemented the provisions of the legislation in order to realize good governance. The Company is expected to form certain units specifically used to manage the funds intended as social responsibility funds, namely with these funds, it is expected that the community development program under the control of the secretariat division.

LKS to pay more attention to social values as a form of accountability to the general public in addition to being responsible to its employees. This can be seen by the rules issued by the company to assess each individual in carrying out his duties, and is responsible for evaluating work implementation activities.

## **Literature Review**

Dian Ayu Fatmawati and Usman Shariah Compliance Audit Through the Role of the Sharia Supervisory Board at PT. SRB Dana Mulia Surakarta



Vol. 1 No. 2, June-November 2018 pages 19-34 The purpose of this study is to find out how shariah compliance audits are carried out through the role of the sharia supervisory board (DPS) at PT. SRB Dana Mulia Surakarta. This study uses a qualitative approach, where the data in this study were obtained through interviews, documentation and observation techniques related to the implementation of shariah compliance audits through the role of DPS in BPRS Dana Mulia Surakarta, which then obtained data analyzed descriptively. The results showed that the Shariah compliance audit was carried out through the role of the Sharia Supervisory Board (DPS) at PT. BPRS Dana Mulia Surakarta, it's just that the implementation of the role of DPS in the SRB under study is still not optimal, including the role of DPS as a supervisor is still not optimal given that there are still some products in PT. BPRS Dana Mulia Surabaya which has not yet met the sharia principles. The role of DPS as an Adviser still needs to be improved because all this time the Sharia Supervisory Board (DPS) is limited to providing advice on work findings and providing studies to employees without further follow-up by PT. SRB Dana Mulia Surakarta.

Qonita Mardiyah et al Vol. VIII, No. 1, April 2015 pages 01-17 Sharia Audit Practices in Indonesian Sharia Financial Institutions Sharia financial institutions (LKS) have developed rapidly since the last few years. This raises problems according to Sharia in the LKS and the need for new audit functions, Shariah audits. The function of ensuring the accountability of financial statements is prepared by management and also ensuring that Sharia aspects are fully fulfilled by the LKS. Because if there is a failure in implementing Shariah compliance, stakeholders will lose their trust in Islam and even the LKS itself. Therefore, this study will discuss the current practice of Shariah auditing in Indonesia. Discussions on shariah audit practices focus on four main Shariah audit issues, namely the framework, scope, qualifications and independence of Shariah auditors. This research was conducted using a survey method, in the form of a questionnaire measured by a Likert Scale to

three sets of respondents (DPS and internal auditors, external auditors, accounting academics). This study shows that the practice of Shariah auditing in Indonesia has gone well.

Dyah Pravitasari volume 1 number 3 2019 pages 22-37 *Sharia Audit in Sharia Financial Institutions To Realize Good Corporate Governance (Multi Site Study on Baitul Maal Wat 'Tamwil in Tulungagung and Sharia People's Bank in Kediri)* Islamic financial institutions have developed significantly. This requires Islamic financial institutions to continue to grow and improve their services to a higher level of public trust. In order for an institution to run well, free of fraud and citting, it is necessary to conduct an examination or audit. The audits to be carried out are internal audits and sharia audits. The position of the audit activity is related to the compliance test or compliance with Sharia accounting principles and in accordance with AAOFI standards. The purpose of the audit is to realize better corporate governance.

Rito and Fatimah az zahra volume 2 number 1 1 March 2018 pages 79-99 *The Role of Internal Audit in Sharia Bank Good Corporate Governance in Indonesia* This study aims to determine the implementation of Sharia Bank Good Corporate Governance, analysis of Sharia Bank Internal Audit structures, and to determine the role Internal Audit in implementing Islamic Bank Good Corporate Governance in Indonesia. This type of research uses descriptive qualitative methods using literature study data. The results of this study are Sharia Banks with the largest assets namely BSM, BMI, BNIS and BRIS have implemented GCG well. The Internal Audit structure at the Sharia Bank is already quite effective by placing the Internal Audit position under the President Director / Commissioner / others. The role of Internal Audit in these banks in general is to conduct checks in work units, monitor audit findings, evaluate audit findings, report related violations / fraud on sharia aspects, and carry out internal controls with the whistleblowing system and SPI in each bank in accordance with the needs of each of the Sharia Banks.

From some of the journals above have differences and equations with journals written by researchers the difference lies in the role of auditing and auditing point of view in the financial institutions such as among others from the point of view of the auditation of the leadership of Islamic financial institutions, employees of Islamic financial institutions and even the influence of sharia auditation on the application of good corporate governance in Islamic financial institutions themselves and the effect of changes in the progress of Islamic financial institutions themselves in implementing an auditing system in their organizations. The equation is to illustrate the role and application of the auditing system in every Islamic financial institution which is carried out by the sharia supervisory board that gives decisions that are determined on compliance with sharia principles that have been agreed upon together.

## **Research Methodology**

The methodology in this type of descriptive qualitative research uses a phenomenological.<sup>13</sup> Approach where researchers want to illustrate the phenomenon of auditation in the field and the role of auditation on employee performance in Islamic financial institutions.

Professionally, both BMT and BPRS, when managing an institution without a bail clash between superiors and subordinates. The work that is produced by the performance is assessed and there are rules or ethics when communicating. This needs to be addressed to all employees so that misunderstandings occur when dealing with several parties, both internal and external. The leadership and subordinates always communicate related to the condition of the company and periodically inspected by the Financial Services Authority and Public Accountants for BPRS institutions and Public Accountants for BMT.

Fairness and equality in all sections in the LKS when expressing opinions is carried out by giving direction and direction in each unit or section.

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<sup>13</sup> Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif, Dan Re&D* Jakarta: Alfabeta, 2010, 125

This activity is routinely carried out in the morning. The goal is that each employee can provide input or submit ideas related to activities on the day concerned or ideas for the progress and development of the institution. Communication that is established between superiors and subordinates is carried out directly or face to face.

Communication then in the form of sharing information about work that has been carried out and the obstacles faced by employees while completing work. If employees cannot solve work problems, then at that time also helped to find solutions together. One other form of justice is by implementing a reward and punishment system to its employees. The personnel department will periodically monitor and evaluate in order to get a conducive work culture. Punishmen are given in tiered forms according to the form of violations committed by their employees. While the award will be given to employees who have achievements and promote and maintain a good reputation for institutions.

## **Discussion**

### **Application of Sharia Audit in Sharia Financial Institutions**

Sharia audits carried out on Islamic financial institutions as a whole have carried out in accordance with generally accepted principles referring to Islamic principles. To be easy in carrying out audits by utilizing internal auditors. Furthermore, to realize the forms of objectivity and independence, the financial statements are also audited by an external auditor

Internal Audit is an audit activity carried out by every financial institution in the banking system, so it is expected that by carrying out this audit activity, the activity of preparing financial statements has been carried out in accordance with the principles and procedures generally accepted both according to PSAk and the standards issued by AAOIFI. Internal audit is routinely carried out, that is, once in an accounting year period or once a year by the internal supervisor. Whereas for auditing financial statements other

than being audited by internal audits, each institution, both the SRB and BMT, has used the services of a public accounting firm to audit periodically, at least once a year.

The form of supervision carried out by auditors in branch offices in BPRS and BMT results in finding that in compiling and presenting financial data reports that are still inaccurate, the lack of human resources in each branch office makes the auditor internal difficulties and overwhelmed in examining supporting data in preparing reports keunagan. The role of HR performs a performance evaluation every three months, while for a comprehensive assessment of the financial statements is carried out once a year. A sufficient number of HR is very helpful to ease the internal audit task.

Although there is supervision on the BPRS, internal audit and good implementation of GCG does not mean that they have to replace the roles assumed by BMT and BPRS management and do not provide guarantees if in the future BMT and BPRS will be free from losses and crisis. From the interviews it was found that if this could arise due to other reasons, namely asymmetric information, human error, lack of clarity in implementing reward and punishment systems and policies on company regulations.

Internal auditors carry out their professional duties in accordance with the mechanisms required by the standards set by AAOIFI and generally accepted reporting standards. Weaknesses of the audit system to be minimized by maximizing the role of good corporate governance so that social responsibility can.

### **Implementation of Good Institutional Governance in Islamic Banking**

Specifically, the entity in carrying out its internal audit function relies on the organization to specifically ensure that risk management and overall internal control as well as effective performance are consistent with the expectations of the management. Internal audit functions not only to find problems but also to provide solutions in order to improve management's proposal. Internal auditors play an active role and are directly involved in

overseeing the activities of business units owned by BMT and BPRS. In addition to acting as a supervisor, it also has the role of providing business process consultations. The role of the internal auditor is not only to detect early in the event of fraud but the hope is to be able to reduce losses caused by errors and fraud early on.

The influence of the internal auditor's role on GCG implementation is proven if the concept of supervision, governance in Islamic financial institutions. Internal supervision in BPRS and BMT is explained if internal supervision does not replace the role of bank management for fraud.

In terms of employees to implement GCG that in each institution both in BMT and BPRS has also been going well. For example, every morning employees are required to pray together before carrying out routine activities. Employees are given responsibility for the cleanliness of work environment, starting from the beginning of work until home from work.

Professionally, both BMT and BPRS, when managing an institution without a bail clash between superiors and subordinates. The work that is produced according to its performance is assessed and there are rules or ethics when communicating. This needs to be addressed to all employees so that misunderstandings occur when faced with several parties, both internal and external parties. The leaders and subordinates always communicate related to the condition of the company and periodically inspect by the Financial Services Authority and Public Accountants for BPRS institutions and Public Accountants for BMT, so that it will be easy to follow up, if found fraud and citting early on.

Optimization of sharia audits in Islamic financial institutions to the performance of employees at Bank Syariah Mandiri Bondowoso

Accountability of Islamic financial institutions implement generally accepted rules. LKS has implemented the provisions of the legislation in order to realize good governance. The Company is expected to form certain units specifically used to manage the funds intended as social responsibility funds,

namely with these funds, it is expected that the community development program under the control of the secretariat division.

LKS to pay more attention to social values as a form of accountability to the general public in addition to being responsible to its employees. This can be seen by the rules issued by the company to assess each individual in carrying out his duties, and is responsible for evaluating work implementation activities.

LKS has rules that serve as guidelines for carrying out its operational activities, which consist of the Decrees of the Board of Directors, Regulations, Memos and Circular Letters. The form of LKS responsibility for employees lies in controlling risk management, for example in the form of official travel activities or site reviews, providing insurance in the event of risks at work. This activity is a form of accountability and work safety and occupational health for employees.

LKS shows its responsibility related to service operations with risk mitigation, namely by not providing loans or financing if the deductions have exceeded fifty percent of the salary received each month. This is taken to consider the viability of prospective members or customers who want to apply for financing or loans in BMT and BPRS.

Fairness and equality in all parts in LKS when expressing opinions is carried out by giving direction and direction in each unit or section. This activity is routinely carried out in the morning. The goal is that each employee can provide input or submit ideas related to activities on the day concerned or ideas for the progress and development of the institution. Communication established between superiors and subordinates is carried out directly or face-to-face. Further communication in the form of sharing information about work that is has been implemented and the obstacles faced by employees while completing work. If employees can not solve work problems, then at that time also helped to find solutions together. One other form of justice is to implement a reward and punishment system for its employees. The personnel

department will periodically monitor and evaluate in order to get a conducive work culture. Punishmen are given in tiered forms according to the form of violations committed by their employees. While the award will be given to employees who have achievements in their work.

The application of the concept of good corporate governance in the Shariah audit process at BSM Bondowoso where the concept referred to the application of sharia principles as compliance in the employee performance audit process applied at BSM Bondowoso, while the sharia audit process itself is reviewed in terms of the value of the truth, partnership, transparency, where the value -the value is applied to all employees without exception. In the audit process carried out by BSM internal supervisors , in addition to supervision at BSM Bondowoso also provides rewards and punishments to employees who have maintained integrity and promoted the development of BSM and served optimally and professionally and applied the BSM work culture in between siddiq, fathanah, professional. In serving customers, professionals as leaders and professionals when implementing compliance with syariah principles that have been agreed upon by the decisions of internal supervisors. In the internal audit activities of BSM Bondowoso, the Shariah principles have been made in compliance by auditors and applied to all institutional elements in BSM Bondowo, the application aims to provide a sense of security for employees and customers in the application of sharia principles in the direction of siddiq , fathanah, amanah, kealialan, kemitran, responsibility, commitment, professionalism and maintain the name of the institution with integrity that has a culture of mutual trust.

## **Conclusion**



It can be concluded that the implementation of sharia audits on BSM employee performance is applied to all employees without exception of sharia principles, while the concept of good corporate governance is evaluated in terms of employee performance applying the principles of justice, partnership, and openness carried out by internal supervisors. In addition, BSM Bondowoso provides rewards and punishments to employees who have helped develop BSM Bondowoso progress and work professionally and apply Siddiq Fathanah's values and professionalism in serving BSM Bondowoso customers.

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Law No.21 of 2008 concerning Sharia Banking

