

THE INFLUENCE OF THE CONCEPT OF 'TAKLIF' TO ACCOUNTANTS IN PREVENTING FRAUDULENT FINANCIAL REPORTING AND AUDITING

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Abstract

The current role of accountants is limited to compliance with rules and procedures and completeness of paperwork. It is easy to show that an organisation can comply with all rules and regulations without realising that the financial reporting and auditing are fraudulent. Therefore, the function is inadequate for an Islamic society with a very heavy social and ethical agenda. The current paper argues that Islam has indirectly laid down a key concept in accounting i.e. "taklif" or "accountability" in one of its surah in the al-Quran i.e. Al-Baqarah, verse 282 (2:282). The objective of this paper is to examine the values embedded behind this surah that would set a conceptual framework for future research investigating how accountability in Islam is realised into actual practice.

Introduction

Recent accounting scandals, where companies prepared fraudulent financial statements, and auditors issued clean opinions on the fraudulent statements, have eroded the trust among participants in the financial markets. New regulations¹ have been imposed to restore confidence in the corporate governance system and the oversight of the role in this system. However, Barlaup, Dronen and Stuart, (2009) have questioned whether increased regulation is the only solution to fraudulent financial reporting and auditing.

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So accounting and auditing in its current conventional form, is far from being a self-evident set of techniques which require occasional improvement, but is rather a series of hopes and aspirations inscribed in its most mundane routines (Power, 2003). Despite all the tragedies and criticisms, the conventional accounting system arising from the Western capitalistic philosophy and values is the only procedure and system available that is being adopted globally. The conventional approach to accounting and auditing is incomplete as it pays little attention to the organisational and social context (Sikka, Filling and Liew, 2009). It is argued that the basic conventional accounting and auditing model is flawed since it makes auditors financially dependent on companies (ibid).

The current role of an accountant is limited to being compliant with the rules and procedures and completeness of paperwork. It is easy to show that an organisation can comply with all the rules and regulations without realising that the financial reporting and auditing are fraudulent. The accountability of the accountants is thus checked only to the extent of its adherence to the rules and procedures. Thus, it may be assumed that the function makes no contribution to assessing the achievement of the objective of setting up the business in the context of Islam, at the earliest possible manner. Differing from the capitalist environment, in an Islamic society with a very heavy social and ethical agenda, this current practice may be considered inadequate.

This paper argues that Islam has indirectly laid down a key concept in accounting i.e. “taklif” or “accountability” in one of its *surah* in the al-Quran i.e. *Al-Baqarah*, verse 282 (2:282). The objective of this paper is to examine the values embedded behind this *surah* that would set a conceptual framework for future research investigating how accountability in Islam is realised into actual practice. The following section discusses the gist of the *verse*, Quran 2:282, followed by its implication on a Muslim accountant. The final section concludes the paper.

The Gist of Quran 2: 282

Allah says in the Quran:

“O ye who believe! When ye deal with each other, in transactions involving future obligations in a fixed period of time, reduce them to writing. Let a scribe write down faithfully as between the parties: let not the scribe refuse to write: as God Has taught him, so let him write. Let him who incurs the liability dictate, but let him fear His Lord God, and not diminish aught of what he owes. If the party liable is mentally deficient, or weak, or unable Himself to dictate, Let his guardian dictate faithfully, and get two witnesses, out of your own men, and if there are not two men, then a man and two women, such as ye choose, for witnesses, so that if one of them errs, the other can remind her. The witnesses should not refuse when they are called on (For evidence). Disdain not to reduce to writing (your contract) for a future period, whether it be small or big: it is juster in the

sight of God, More suitable as evidence, and more convenient to prevent doubts among yourselves but if it be a transaction which ye carry out on the spot among yourselves, there is no blame on you if ye reduce it not to writing. But take witness whenever ye make a commercial contract; and let neither scribe nor witness suffer harm. If ye do (such harm), it would be wickedness in you. So fear God; For it is God that teaches you. And God is well acquainted with all things.” – Quran 2:282

This is the longest verse in the Quran. It is known as the verse of “dayn” or “mudayanah” meaning debt. Generally this verse is about debt or loan whereby it clarifies the responsibilities and conditions that must be fulfilled by the debtor when dealing with any kind of transaction or commercial loan. The length of the verse shows that Islam does not hate wealth. It is part and partial of Muslim life in this world to get the pleasure of Allah in the Hereafter. Being solely saint or poor is unable to solve the problem of a man’s life. Al-Quran as the most complete Book, fulfills the needs of a man physically and spiritually. Islam does not neglect the aspect of relationship among men in their lives, or in other words; reciprocal relationship or *muamalah*.

Without turning out from the purpose of the creation of man as caliph on earth, this verse is part of a guidance of Allah on how man deals with debt. As a normal human being, sometimes we cannot avoid from being a debtor or a creditor. By looking at this verse in depth, it shows how a Muslim should conduct himself when dealing with financial matters.

The first statement of Allah is : “*O ye who believe! When ye deal with each other, in transactions involving future obligations in a fixed period of time, reduce them to writing.*” It is the command from Him to the Muslims that whenever they enter into any kind of transaction where the term is delayed or is a fixed period of time, it must be recorded. Allah specifically asks us to write it down to show the importance of writing the contracts.

Historically, during the time of revelation, most of the people hardly knew how to write and read. They depended mostly on their memories. Whatever agreements they entered into, they had just based them on verbal agreements. Besides, there was no facility to write and record such as the papers and pens we have today. But still Allah revealed this verse by asking Muslims to write so that it will be well preserved for future reference.

Al-Zuhaili (1991) in his book said that any kind of financial contract, whether it be *salam/salaf* or *qarad*, the date, month, year and everything related to it must be specifically written down and recorded clearly, to prevent any element of uncertainty. Regarding this matter, Ibnu Kathir (1991) refers to the hadith reported by Ibnu Abbas which is: “Allah’s Messenger came to al-Madinah, while the people were in the habit of paying in advance for fruits to be delivered within one or two years. The Messenger of Allah said: Whoever pays money in advance (for dates to be delivered later) should pay it for known specified measure and weight (of the dates) for a specified date.”

It is not proper if both parties, the debtor and the creditor, refuse to write down the contract due to being kind-hearted or trusting each other, because if the debtor dies, his heir may refuse to pay the debt as there is no proof (Hamka, 1982).

The necessity of writing the transaction led to the need of a writer or a scribe. Although the debtor or the creditor may know how to write the contract, Allah still wanted another person or a third party to be present and to write the contract. In this situation, Allah clearly stated one important characteristic of the writer i.e. he must be just in writing the contracts. The one who is appointed as the writer must not be biased to anyone. He must stand alone and be fair to both parties. It is his duty to write everything that had been agreed upon by both sides.

Al-Zuhaili (1991) added that a scribe must also be a trustworthy (*amanah*) person who understands whatever he has written. He must use clear and understandable words and avoid using ambiguous words that may bring another meaning or a lot of interpretations in the contract (Al-Zuhaili, 1991, p. 108)

In the surah, Allah then continues to say: “...and the scribe should not refuse to write as Allah has taught him”. When a scribe is asked to write the agreement, he must be present and help those in need. An accountant for instance, should not refuse to provide services to the *ummah* (public) as and when needed, as not all people are knowledgeable in his expertise. It is Allah that gives him this ability in such a field, so he must try as much as possible to help them. He is responsible for whatever is written in the contracts. He must follow the rule that had been prescribed by Allah regarding loan matters, etc. For example, there should not be any *riba*²-transaction and therefore he may recommend to practice *Qardu Hassan* transaction (Hamka, 1982). He cannot add, erase or hide anything from the debtor and the creditor. Hence transparency is expected from the scribe.

During the process of writing the transaction, the writer cannot be bored, lazy or shy or intentionally shorten the term no matter how small or big the transaction is. This is to avoid any dispute and to protect the rights of both parties (Al-Zuhaili, 1991). Although the amount or the subjects may be small or unimportant, he should not be shy or reluctant to write it down, since this small thing could end up to be a big issue in the future (Hamka, 1982).

According to some scholars, Islamic rules with regards to writing of contracts are considered as *fard kifayah*³ i.e. knowledge that is compulsory for the Muslim community to have. While others mention it as *fardu ain*⁴ to the writer when he is asked to write the contract. This means that it will be sinful if he refuses to write the contract. And some other scholars say that it is recommended. This is the most accepted by the majority as it is optional to the writer whether to accept or refuse to write on behalf of those parties (Al-Zuhaili, 1991, p. 118)

Then Allah says, “Let him who incurs the liability dictate”. Hamka (1982) said both the debtor and the creditor who are involved in the contract must dictate. But most of the

tafsir (translation) books such as *Safwah al-Tafsir*, *Tafsir al-Munir* and *Fi Zilal al-Quran* mentioned that it is the debtor who dictates for he is in the weaker side. When the debtor dictates the contract, he will dictate to the scribe the terms and conditions of the contract including the amount that he borrows and the duration of the borrowing. Thus, he is more responsible for what he dictates himself.

Though the debtor is allowed to dictate the terms of the contract, but Allah reminds him: *“but let him fear His Lord God, and not diminish aught of what he owes.”* So the debtor cannot just dictate whatever he wants without the intention to really follow the terms himself. He must have fear in Allah and should not change or hide anything during the dictation. He must remember that the creditor is helping him to reduce or overcome his financial problem. He should not attempt to cheat or betray the creditor in paying the debt.

Then Allah gives us another situation when He says: *“If the party liable is mentally deficient, or weak, or unable Himself to dictate .”* Here there are three situations that may lead to the inability of the debtor to dictate; 1-poor understanding, 2-weak or 3-inability to dictate for himself. Regarding ‘mentally deficient’ or ‘poor understanding’, Ibnu Kathir (1991), Al-Sabuni (1986) and Al-Zuhaili (1991) interpreted it as the debtor was not allowed to decide on his financial matters because he wasted his money. Hamka (1982) included that the debtor did not know how to use his money.

In the ‘weak’ situation, Ibnu Kathir (1991) interpreted it as ‘too young or insane’; al-Sabuni (1986) interpreted it as to be ‘a child or too old’; Syed Qutb (1986) interpreted it as ‘too young and those who had a weak memory’; Al-Zuhaili (1991) interpreted it as ‘a child, insane, ignorant or too old’; and Hamka (1982) interpreted it as ‘a child who could not differentiate between right and wrong, an old man who had a weak memory or an orphan who was still dependant on others’.

While in the situation ‘unable to dictate for himself’ Ibnu Kathir (1991) said that it happened because of disease, or ignorance about such matters; while Al-Sabuni (1986) and Hamka (1982) said it was due to being a mute or stammering; and Al-Zuhaili (1991) said it was ‘because of ignorance, stammering, mispronouncing, being a mute or blind’.

Another current situation that may also happen when there are some debtors who are not strong enough to stand up for what they want, and who are unable to dictate because they have a problem speaking or who do not speak the language of the scribe (Abdur Rahman As-Saranbi, Quran 2:209-287⁵). If any of these situations occur on the debtor, his *wali* or guardian will represent him to dictate the contract on his behalf. But the conditions are still the same, the representative is responsible for what he dictates, he must be fair to both the debtor and the creditor and he cannot add or remove anything without the knowledge of both parties.

In addition, another important part with regards to writing of the contract is when Allah says: *“and get two witnesses, out of your own men.”* It shows that there must be two male witnesses present during the dictation of the contract. This is another precaution from

Allah to make the agreement stronger. The witnesses must not only be present to witness the event, but they must also understand and have knowledge about the terms of the contract. Al-Sabuni (1986) and Al-Zuhaili (1991) added that the witnesses must be among two Muslim men.

Al-Zuhaili (1991) even stressed in his book about the opinion of a scholar, named Abu Yusuf, regarding the characteristics of those whose witnesses are accepted or rejected. Among the characteristics that their witnesses who are accepted are those who avoid actions that can be penalised with *hudud*, for example adultery and robbery, and major sins such as slandering others; he must perform obligatory worship, such as prayers and fasting; and his good deeds are more than his minor sins, as all normal human beings are not free from sins. While among those whose witnesses are rejected are those whose sins are more than their good deeds and are known to others as always telling lies and doing bad deeds. (Al-Zuhaili, 1991, p. 109) This is only the opinion of some scholars; however, according to them, the most important thing that a witness must have is to be just and trustworthy.

On the other hand, it is possible that two male witnesses are not available for whatever reason it might be. In that case Allah continues with His sayings: “*and if there are not two men, then a man and two women, such as you choose, for witnesses, so that if one of them errs, the other can remind her.*” Why is Allah making the testimony of two women equal to one man? This is not because a man is always superior than a woman. Al-Sabuni (1986) and Ibnu Kathir (1991) mentioned that it is because women’s shortcomings may at times be in their minds. Al-Zuhaili (1991) also agreed on this matter but he added that it is the nature of some women who would usually not be able to face stress or would refuse to think much of the economic or financial matters. He added that, in the olden days, it was not something that they were exposed to. Therefore, the information and experience that they have were limited. Although the situation has changed nowadays and more women are taking part in economic matters, the Islamic rule has not changed. Islam regards women to play a more important role that men are considered to be weak in i.e. taking care of the house and educating the children (Al-Zuhaili, 1991, p. 110-111). Because of these reasons, one of the women may tend to make a mistake or forget certain parts of the contracts, so the other woman can help her out and correct her. In that case, their testimony become valid.

It is also possible that sometimes some problems or doubts occur after signing the contract. Therefore, to prove the validity of the written document about the contract, there need to be witnesses. Allah continues with His saying: “*The witnesses should not refuse when they are called on (for evidence).*” According to Ibnu Kathir (1991), this statement shows that when those witnesses are called to give their testimonies, they are required to come. This is what the majority of the scholars agreed upon. Unless there are witnesses who are willing to be testified, it becomes *fard kifayah* for the society to find one. According to Mujahid and Abu Mujlaz: “If you are called to be a witness, you have a choice whether to accept or to refuse the offer, but when you already become a witness and are called to testify, then you must come (as quoted in Ibnu Kathir, 1991, p. 360). On the other hand, according to Ibnu Abbas and Hasan al-Basri, this obligation is

in both situations, the obligation to come is the same whether you are asked to be a witness or testify after being a witness (ibid).

Further, Allah says: “*Disdain not to reduce to writing (your contract) for a future period, whether it be small or big: it is juster in the sight of God, More suitable as evidence, and more convenient to prevent doubts among yourselves.*” Here Allah reminds us that every single part of the contract should be written down. Whether it be small or large, all the details must be included. The date for the payment must be especially specified clearly based on what has been agreed upon by both parties. Sometimes the parties involved tend to finish everything quickly or take for granted something that seems to be unimportant and small in value. They tend to forget their duties toward others and tend to neglect other’s rights. It is in fact the concept of “brotherhood”⁶ which is applied when carefully handling the agreement.

Allah’s command in this verse, Quran 2:282, can be summarised as: writing and dictation of contracts, presence of the witnesses and specification of date of payment. These are basically to fulfill one of the objectives of the Islamic law (*Maq’asid Ash-Shariah*). Every single part of the contract will support each other and provide strong evidence in case any doubt or confusion arises in future. There is less chance for any party to cheat or take advantage of the other party’s weaknesses.

It should be noted that the command of writing the contract as laid down in Quran 2:282 is an exception if the trade is conducted on the spot and the transaction ends at the same time. There is no debt to be settled and no dictation required. However, due to a huge amount of the trade, it is recommended for the parties involved in economic transactions to write them down for future reference.

Witnesses to be present is an important component for any kind of commercial contracts. However, according to Ibnu Kathir (1991), this is not an obligatory condition as this command is abrogated by the next verse following Quran 2:282 i.e. verse 283: “*Then if one of you entrusts the other, let the one who is entrusted discharge his trust faithfully*”. So most of the scholars said that the presence of the witnesses in this situation was only a recommendation (Ibnu Kathir, 1991, p. 360). It would be very important and helpful if this recommendation is applied as to avoid any dissatisfaction or false claim that may arise in future.

Allah ends this verse by reminding Muslims to have fear in Allah, by implementing what He commands and avoiding what He prohibits. The commands of Allah in relation to the commercial trade are indeed to protect the wealth of all people and to maintain the unity of “brotherhood” among Muslims.

Implication of Quran 2: 282 On An Accountant

The injunctions of *shariah*⁷ aim to educate the individuals and inspire them with faith and instill in them the qualities of being trustworthiness and righteous (Laldin,

2006). It is through reforming the individual that Islam aims at achieving its social goals. In the matters related to *mu'amalah*⁸, all the injunctions of *shariah* are geared to achieve the objective to educate people by adhering to the principle of justice, trustworthy, honesty, mutual consent and social responsibilities. The heavy emphasis on religion of Islam as a vehicle to seek socio-economic justice in Islamic institutions makes these characteristics applied directly to those involved in the management of financial resources and writing or recording financial transactions (the accountants). Similarly these also relate to those who substantiate and validate the work of the management (the auditors).

In line with the concept of *khilafah*, accountability places a greater emphasis on duties than on rights because if duties are fulfilled by everyone, self-interest is automatically held within bounds and the rights of all are undoubtedly safeguarded (Chapra, 1992). The concept of Khilafah raises human beings to an honourable and dignified status in the universe and provides their life with a meaning and a mission (Chapra, 1992, p.205). This principle requires that all Muslims act as brothers with no regard to country of origin, race, language, colour, ethnic group or any other factor dividing human beings. If all human beings have been created by the Supreme Being and the resources they have at their disposal are a trust from Him, then they are all automatically related to one another by a natural bond of brotherhood and are also accountable to Him (Chapra, 2000, p. 12). However, they are not absolutely free to do what they please but rather are expected to use the scarce resources and interact with each other and their environment in such a way that helps realise the well-being of all individuals (Chapra, 2000, p.12). This principle is the foundation for social harmonization among those who have embraced Islam.

Zaid (2000) examines the mandatory requirements that must be complied within the appointment of *Al-Kateb* (accountants/auditors) in a Muslim society. One of the requirements is the ***Islamic identity***. According to him, this is the most important criteria based on religious and political factors. It serves and protects the interest of the Islamic state and Muslims. This could be one of the reasons for restricting the appointment of auditors in Islamic history to Muslims only. The appointed person is required to be able to apply, explain and interpret related issues with reference to *Shariah Islamiah* (the Islamic law) and particularly the *Quran* and *Sunnah*⁹, and believe in what he writes, says and dictates. Imam Ash-Shafi'i prohibits the appointment of non-Muslims to the position of *Al-Kateb*¹⁰. This criteria demands the person to be a practising Muslim who is committed/and capable of competently discharging the expected technical responsibilities within the framework and requirements of *Shariah*.

Eloquence may be another measurement of competence when working for Islamic organisations (Zaid, 2000). According to Zaid (2000), this relates to a person whose Arabic language would be at his highest knowledge and competence level. This reflects the importance of the qualitative characteristics of report writing, such as understandability and clarity. The criterion required *Al-Kateb* to be accurate in the transformation and communication of information to users. The Kuwait Finance House,

an Islamic financial institution, is a good example whereby all the reports are originally produced in Arabic regardless of where the branches are situated.

In his paper, Zaid (2000) also mentioned about the acquisition of the **Knowledge of Shariah Islamiah**. According to him, this is a fundamental requirement as 'Shariah Islamiah' is the guide that *Al-Kateb* needs in his work, without which he cannot justify his recommendations or rationalise his judgments. This is similar to the current requirement of being admitted to the membership of a particular professional body and qualified as an accountant. The contemporary non-compliance with *Shariah Islamiah* in relation to *muamalat* by Muslim accountants in the Muslim world has been due to the indirect colonization of the Muslim world by the Western powers.

Above all, according to Zaid (2000) **integrity** is the one that cannot be ignored when discussing the characteristics of a *shariah* auditor. This criterion is strongly religion, rather than circumstances based. It is broadly defined to include independence, objectivity, honesty and sincerity.

It is noted that the rigidity in the requirements for appointment of the *Al-Kateb* reflects the important role played and the requirements aimed at serving the religiously-based needs of Muslim rulers and business people (Zaid, 2000). This study may link the past history of Islam to the present situation of appointment of accountants and auditors in organisations, in the interest of developing current practices and in preventing measures of fraudulent financial reporting and auditing.

Banaga et al. (1994) outline some specific areas which Muslim auditors are expected to report. The list is not exhaustive, and is as follows:

1. **Tatfif** – means causing damage to the other party in weights and measures. The *shariah* does not allow this to happen, therefore, the auditor is supposed to check the accuracy of the weights and measures.
2. **Uqud** – means contracts. Quran requires that all parties to the contract keep the contract terms, therefore the auditor is required to report if there are non-fulfillment of the terms of contracts.
3. **Ihtikar** – means hoarding. This is prohibited in Islam, specifically hoarding of foodstuff with the intention of causing scarcity and bidding up prices artificially. The auditor should report any kind of hoarding being practiced.
4. **Israf** – means extravagance which is prohibited in Islam, thus a report from the auditor is required if he observes one practiced by the Islamic financial institutions.
5. **Khiyanah** – means embezzlement. This includes not only embezzlement of funds, but also falsification of accounts, bogus insurance claims, tax evasions, window dressing and misstatements of accounts. The auditor is required to report any form of *khiyannah* being practiced by the IFI under audit.
6. **Determination and payment of Zakah**. The idea is that *Zakah* is collected from the rich and distributed to the poor to ensure socio-economic justice through the equitable distribution of wealth. Therefore, the auditor is needed to observe the fair collection and distribution of *Zakah*.

With the growth of dissatisfaction of the current conventional auditing (Houck, 2003) and the demand for more management of accountability due to corporate collapses, the possibility of having a different kind of accountants and auditors should be considered specifically for Islamic organisations. It is believed that proper actors carrying out proper accounting and auditing methodologies would prevent future “Enrons” and “Argentinas”¹¹ (Venardos, 2005).

Islam has developed its own concept of accountability, which is the concept of ‘taklif’ where everyone is accountable for his responsibility which entails reward or punishment, each of which would come in this world or in the Hereafter or both (Al-Safi, 1992). Taklif is clearly differentiated from its non-Islamic counterparts by insisting that each person is responsible for his own deeds (Abdul Rahim, 1998). This, according to Abdul Rahim, also means that people must accept all the duties and liabilities as well as the benefits of any ownership or responsibility. On the other hand, the final decisions of our actions (right or wrong) will be decided by Allah SWT.

In Islamic history, the institution of *Hisba* and the role of the *Muhtasib* – to monitor, control and prevent fraudulent exploitations on consumers in the market place goes back to the time of Prophet Muhammad (pbuh) and the first four Caliphs. The function was linked to the Quranic verses that urged Muslims to promote right and prevent wrong. For instance in *Surah Ali-Imran, verse 104*:

“Let there arise out of you, a band of people, inviting to all that is good, enjoining what is right, and forbidding what is wrong: They are the ones, to attain felicity.”

According to Imam Ghazali (1980), *hisba* practice must be seen as a *fard kifayah* for Muslims; where every Muslim is expected to play a positive role in the propagation of good (ma’ruf) and suppression of evil (munkar); however, it has been made an obligation on a section of society to remain engaged in it. *Muhtasib* is the official appointed by the ruler to implement *Hisba* on behalf of the state. As a *Muhtasib* (similar to an accountant/auditor), he is expected to be accountable not only to the society under his control, but more importantly to God. In general discourse, accountable means something similar to ‘responsible’ and carries the connotations of ‘being answerable to’ (Charlton, 2002). However, in the conventional technical term, accountability narrowly refers to the duty of presenting auditable accounts. This refers to the financial documentation that is adequate in terms of completeness and self-consistency – such that it is amendable to the process of cross-checking which constitutes the basis of audit (Charlton, 2002). The audit function in an Islamic state is important and mandatory as it reflects the accountability of the auditor not only to the users of the financial statements, but more important, to the Creator, Allah SWT (the only God).

Conclusion

The intense commitment of Islam to the concepts of brotherhood and justice makes the well-being (*falah*) of all human beings the principal goal of Islam. This well-being includes physical satisfaction, as mental peace and happiness can be achieved only by the means of a balanced realisation of both the material and spiritual needs of human personality (Al-Attas, 1994). Mere maximisation of the total output cannot, therefore, be a sufficient goal of a Muslim society. Maximisation of output must be accompanied by efforts directed to ensure spiritual health at the inner core of human consciousness, and justice and fair play at all levels of human interaction (Chapra, 1993). Only the development of this kind would be in conformity with the *Maq-asid Ash-Shariah* (objectives of the Islamic law). Understanding Quran 2:282 in the context of accounting and auditing is the main agenda of this paper. From the verse, Muslims believe that the accountability of a Muslim accountant is not only to the users of the financial statements, but more importantly, to the Creator, Allah SWT. This is because, Muslims believe that one's actions and thoughts are always being watched by Allah (*Muraqabah*). Fundamental to Islam is the edict that "...surely Allah takes account of all things" (*Qur'an*, 4: 86). It is to be noted that these references are to "account" in its generic sense, referring to one's obligation to "account" to God on all matters pertaining to human endeavor for which every Muslim is "accountable" (Askary and Clarke, 1997).

Notes

- ¹ Sarbanes Oxley Act and PCAOB establishment.
- ² An increase over the principal in a loan transaction.
- ³ Socially obligatory duties which are in the nature of voluntary desirable acts with respect to individuals.
- ⁴ Obligatory duties of individual Muslim.
- ⁵ Retrieved on 13 May 2010 from <http://www.quran-tafsir.org/baqarah4>
- ⁶ The concept that a Muslim regards another person as more important than himself.
- ⁷ The divine guidance as given by the Holy *Qur'an* and the *Sunnah*, embodies all aspects of the Islamic faith, including beliefs and practices.
- ⁸ All kinds of economic activities related to exchange of goods and services.
- ⁹ Actions, sayings and utterances of the holy Prophet Muhammad (pbuh).
- ¹⁰ Referred to accountants/auditors in an Islamic organisation.
- ¹¹ "Enrons" and "Argentinas" refer to the collapse of a few giant companies in the West.

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