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**Omar Mustafa Ansari**

Secretary General  
Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI)  
Al Nakheel Tower  
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Dear Mr. Ansari,

السلام عليكم ورحمة الله وبركاته،،

**CIBAFI Comments on the AAOIFI Exposure Draft on “Auditing Requirements for  
Assessing Compliance with Shariah Principles and Rules”**

The General Council for Islamic Banks and Financial Institutions (CIBAFI) presents its compliments to the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) and takes this opportunity to express its appreciation of the work that the AAOIFI does to promote and enhance the Islamic financial services industry.

CIBAFI is the official umbrella for all Islamic financial institutions, whose services and products comply with the Shariah rules and principles. CIBAFI acts as the voice of the Islamic finance industry, and our members comprise more than 140 Islamic banks and non-bank financial institutions, both large and small, from more than 30 jurisdictions.

We welcome this opportunity to offer our comments and recommendations on the AAOIFI exposure draft (ED) on “Auditing Requirements for Assessing Compliance with Shariah Principles and Rules”. The comments contained in this letter represent the views of the CIBAFI Secretariat and feedback received from our members.

**First:** the ED, in Scope (Para 2), suggests that this framework should also be applied to some non-financial institutions which operate in line with Shariah. This is qualified somewhat by Footnote 4, but it could in practice work only in a situation where the institution has a Shariah Supervisory Board (SSB) of some kind. A further explanation of this might be appropriate.

**Second:** the ED forbids evaluating the competence of the SSB but permits reliance on its work. That reliance does depend on the SSB having been supplied with all the information necessary to reach appropriate conclusions. Further, the ED, in Paras 50 and 52, sets out the auditors’ responsibilities should they consider that information has been withheld or misrepresented. However, it is not clear that the auditors are required to do sufficient work to identify where this may have happened. We suggest that Para 41 might refer not only to reading the minutes of bodies including the SSB but also to reading the papers submitted to them in order to verify that appropriate information has been submitted.

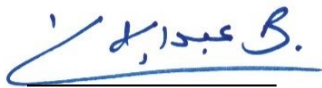
**Finally:** CIBAFI and its members noted that, in various contexts, digitalization presents specific challenges for Shariah compliance. These include assessing whether artificial intelligence systems effectively adhere to the rulings of the SSB, and determining whether smart contracts have been properly constructed according to Shariah principles. Therefore, it is suggested to provide further guidance regarding the role of auditors in this domain, while ensuring that the standard remains sufficiently flexible to accommodate future technological developments.

We would like to express our appreciation to AAOIFI for its great effort and commitment with respect to developing standards that accommodate the interest of the global Islamic finance industry.

We remain at your disposal should you need any further clarifications on the above.

The General Council for Islamic Banks and Financial Institutions takes this opportunity to renew to the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) the assurances of its highest respect and consideration.

Yours sincerely,



**Dr. Abdelilah Belatik**  
Secretary General