

**SHARIA SUPERVISORY BOARD (DPS)'S SUPERVISION  
ON SHARIA MICRO FINANCIAL INSTITUTION OF  
BAITUL MAAL WAT TAMWIL (BMT) IN SUKOHARJO REGENCY  
(A Study in BMT Amanah Ummah Gumpang, Kartasura, Sukoharjo)**

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**ABSTRACT**

*The present study aimed to find out and to analyze the implementation of supervision carried out by Sharia Supervisory Board (DPS) in Baitul Maal wat Tamwil (BMT) Amanah Ummah. Shari'a review is the primary activity of DPS in performing its duty and function as the supervisor of sharia compliance in order to ensure that all operations of a financial institution are consistent with sharia rule and principle. Based on the result and discussion, the supervision carried out by DPS in BMT Amanah Ummah, it was found that 1) Sharia review ex ante auditing (before the business is run) was shown by the DPS's role in the validation and development of the product, it was done by issuing opinion/ recommendation on BMT products based on fatwa issued by DSN. 2) with regard to sharia review ex post auditing (after a business runs), DPS carried out activities related to the assessment of sharia compliance and its report. a) Sharia compliance assessment activity was shown only by the validation and development of BMT products. While, the sharia compliance assessment on the supervision of activities and management of BMT, particularly on the application of a covenant, had not been optimum, especially on the supervision of the application and the end of the covenant. b) the report of sharia compliance assessment, DPS held duty and responsibility to write a report of the supervision on the implementation of sharia economy and the result of the implementation of supervisory duty to the Members Meeting. The DPS supervision had not been optimum since it was conducted merely towards BMT products. DPS also needs to perform sharia review on the management and operation of BMT, also on the application of covenant as well as the execution of covenant in BMT to maintain sharia compliance.*

Keywords: Sharia Supervision, DPS, BMT

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**Introduction**

Economic problems increase and become more complex, for instance, needs on a service provider providing capital for doing business especially for small business actors. This problem results in an issue among Indonesian community where the majority of the people are low income-small business actors. In practice, bank cannot meet the people's interest, particularly the lower-class. Since the lower class society's interest cannot be represented, a gap arises among the community. This phenomenon becomes one of the considerations on the emergence of Microfinance Institution (LKM) that is then regulated in Act no. 1 of 2013 on Microfinance Institution (UU LKM).

LKM refers to a financial institution holding a function as an intermediary *institution* whose aim to not only *profit motive* but also *social motive* which the activity tends to be more on *community development*.<sup>1</sup> Meanwhile, Sharia Microfinance Institution (LKMS) refers to a microfinance institution that moves on business activities carried out based on sharia principles bases.

A riba-free Islamic financial system that supports the interest of the micro-community is necessary Given that sharia bank holds long procedures and seems to be meticulous so that it cannot cover the lower-level community and micro-community. This is, of course, become a problem that needs attention and should be given a solution since there are many Indonesian citizens participate as actors of micro business.

This issue draws attention from PINBUK (Pusat Inkubasi Usaha Kecil / Center For Micro Enterprise Incubation)<sup>2</sup> as an autonomous body under the Indonesian Association of Muslim Intellectual (ICMI)<sup>3</sup> who concern with the condition of micro businesses. Through various long and in-depth reviews on the development of Islamic economy in Indonesia, a financial system that better suits the condition of micro businesses and lower income community as well as in line with sharia principle are established. One of the alternatives is sharia micro-financial institutions in the form of BMT (Baitul Maal wat Tamwil). *Baitul*

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<sup>1</sup> I Gede Kajeng Baskara. (August 2013). *Lembaga Keuangan Mikro di Indonesia*. Jurnal Buletin Studi Ekonomi. Vol.18, No.2.

<sup>2</sup> Pusat Inkubasi Bisnis dan Usaha Kecil (PINBUK) is a labor body established by Yayasan Inkubasi Bisnis Usaha Kecil (YINBUK). PINBUK aims to transform the structure of the economy and socio-culture of the community to be more conducive for the development of community-based micro and small business and to establish an ethical business culture. See <http://www.pinbukindonesia.com>

<sup>3</sup> Indonesian Association of Muslim Intellectual (ICMI) is a Muslim organization established on 7 December 1990 in Malang, East Java (Brawijaya University). ICMI aims to push the potential of Muslim intellectual for the development of the country. (Brawijaya University). See <http://www.icmi.or.id/organisasi/profil>

*Maal wat Tamwil* is often defined as Balai usaha Mandiri Terpadu (Integrated Autonomous Enterprise Office)

Minimum and limited access to sharia banking encourages the emergence of Sharia Microfinance Institution (LKMS). This financial institution which is then known as BMT is able to perform significant market penetration, especially in the sector of Micro, Small and Medium Enterprises. Based on the Islamic Development Bank (IDB), there are approximately 4,500 up to 5,000 BMT units in the entire Indonesian territory.<sup>4</sup> BMT holds an essential role in developing micro and small business in its surrounding, providing meaningful contributions toward national development. BMT is not only run based on profit motive but also social motive. Since it is operated using sharia pattern, its control mechanism is not only based on the economic aspect or external control but also religious factors as more dominant internal control.<sup>5</sup>

One of the main points distinguishing sharia finance institution from conventional ones is the presence of sharia supervisory system (*riqobah syar'iyah*). Accordingly, Sharia finance institutions (LKS) in the form of either bank or non-bank are required to possess DPS in its institutional structure.<sup>6</sup> *Baitul Maal wat Tamwil* (BMT), as one of LKMSs which are the part of Sharia Financial Cooperative (KJKS), possesses the same obligation in establishing Sharia Supervisor.

DPS in an obligatory requirement in BMT institution, its existence will ensure the implementation of sharia conception of BMT. So far, prior to the issuance of Minister Regulation no 16/Per.M.KUKM/XI/2015, DPT on BMT is merely a reserve in the organization. Often, DPS only used as a symbol, showing that a BMT is maintained by religious experts. From the personal side, individuals for DPS position are mostly appointed merely based on the religious background without considering their ability and understanding on sharia principles, even more on audit skill toward the sharia adherence of the implementation of sharia product in BMT.<sup>7</sup>

By DPS's optimum supervision in BMT, BMT's potential will rapidly grow since in carrying out their business, BMT shall be based on sharia principles. DPS's sharia supervision is essential both for the internal of the institution, the society, and the general sharia economy development.<sup>8</sup> Optimum sharia supervision will psychologically grow activity and transaction convenience, both for the community who will associate with BMT or for the administrator and manager who run BMT's operation. For sharia economic development, sharia supervision optimization in BMT will minimize errors, and deviant occurs all this time, and more or less, will regenerate the community's optimism in anticipating the development of sharia economy. The community's optimism grows due to their trust in BMT, particularly on the sharia compliance of Sharia financial institution. Accordingly, the member of DPS should be independent (Impartial), objective, and honest.<sup>9</sup>

### Problem Statement

Based on the background of the problem above, the researcher conduct more in-depth study on how is the implementation of Sharia Supervisory Board (DPS)'s supervision in *Baitul Maal wat Tamwil* (BMT) Amanah Ummah?

### Research Method

The present study was an empirical legal study, which also called as socio-legal study, or field research. The present study is often called as a study on law in action among society.<sup>10</sup> The present study was conducted in BMT Amanah Ummah. The present study was analytical descriptive in nature, where the result of the study obtained from the field (in BMT Amanah Ummah) or the literature compiled into a descriptive report. Descriptive study is employed to describe various symptoms and facts emerge in social life deeply.<sup>11</sup> The data collection method of the present study was: field study. It was done by collecting primary data<sup>12</sup>, data obtained from BMT Amanah Ummah. b. Library study, it refers to a data collection method that is used along with other methods such as interviews, observations, and questionnaire<sup>13</sup>, where the present study employed the interviews as its method. The data analysis model of the present study adheres to the concept proposed by Miles and Huberman. Miles and Huberman state that activities in qualitative data analysis are carried out interactively and continuously on every stage of the study, covering

<sup>4</sup> See Outlook Usaha Simpan Pinjam dan Pembiayaan Syariah 2016. (2016). Deputi Pembiayaan Syariah Kementerian Koperasi dan Usaha Kecil Menengah.

<sup>5</sup> Muhammad Ridwan. (2004). *Manajemen Baitul Maal Wa Tamwil*. Yogyakarta: UII Press. pp. 74.

<sup>6</sup> Hatta Syamsuddin. (2 October 2011). *Optimalisasi Pengawasan Syariah di BMT (Bagian 1)*. <http://www.indonesiaoptimis.com/2011/10/optimalisasi-pengawasan-syariah-di-bmt.html>, accessed 20 September 2018, at 21.14.

<sup>7</sup> Abdul Mujib. (June 2017). *Dewan Pengawas Syariah (DPS) pada Lembaga Keuangan Mikro Syariah di Wilayah Jawa Tengah*. Jurnal Az Zarfah. Vol.9, No.1.

<sup>8</sup> Hatta Syamsuddin. (3 October 2011). *Optimalisasi Pengawasan Syariah di BMT (Bagian 2)*. [http://www.indonesiaoptimis.com/2011/10/optimalisasi-pengawasan-syariah-di-bmt\\_03.html](http://www.indonesiaoptimis.com/2011/10/optimalisasi-pengawasan-syariah-di-bmt_03.html). accessed 20 September 2018, at 21.14.

<sup>9</sup> Iin Emy Pratiwi. (March 2017). *Pengaruh Independensi Dewan Pengawas Syariah Dalam Mewujudkan Good Corporate Governance Untuk Meningkatkan Kinerja BMT*. Jurnal Ilmiah Ekonomi Islam Vol. 03 No. 01.

<sup>10</sup> Jonaedi Efendi and Johny Ibrahim. (2016). *Metode Penelitian Hukum Normatif dan Empiris*. Jakarta: Kencana. pp. 149.

<sup>11</sup> Beni Ahmad Saebani. (2008). *Metode Penelitian Hukum*. Bandung: Pustaka Setia. pp. 57.

<sup>12</sup> Ronny Hanitijo Soemitro. (1990). *Metodologi Penelitian Hukum dan Jurimetri*. Jakarta: Ghalia Indonesia. pp. 98.

<sup>13</sup> Suratman & Philips Dillah. (2013). *Metode Penelitian Hukum*. Bandung: Alfabeta. pp. 123.

data reduction, data display, and verification, or drawing of a conclusion.<sup>14</sup>

### Result and Discussion

AAOIFI (*Accounting and Auditing Organization of Islamic Financial Institutions*) defined DPS as an Independent institution or special jurist in Fiqh Muamalat. However, DPS member can be other than fiqh expert, yet possessing expertise in Islamic financial institution and fiqh muamalah. DPS of a financial institution shall direct, review, and supervise the activity of financial institution so that it can be ensured that the financial institution adheres to the Islamic sharia rules and principles.<sup>15</sup> The function of DPS is to study and create new product recommendation from bank or sharia financial institution it supervises. Thus, DPS works as the first filter before a product is reviewed and is having a fatwa issued by national sharia board.<sup>16</sup>

AAOIFI has provided a standard for DPS, its composition and relating aspects such as rules, report, and so on. According to this standard, sharia financial shall be an independent institution consisting of ulama who are associated with science and Islamic law. DPS can also consist of other experts in the field of sharia financial institution with Islamic law science knowledge related to the commercial transaction. DPS is mandated to direct, observe, and supervise the activities carried out by sharia financial institution in order to ensure that the supervised institution adhered to sharia rules and principles.<sup>17</sup>

To make Sharia Financial Institution (LKS)'s implementation on sharia track, their activities are always supervised by DPS. DPS's status exist in every organizational structure of LKS, thus it makes LKS different from the conventional financial institution. DPS is responsible for ensuring that all products and activities of LKS meet sharia principle. DPS is believed to ensure LKS adheres to Islamic rules and principles.<sup>18</sup>

Based on the data of the study, The Deed of Change of BMT's article of association, DPS is selected from the member possessing expertise in sharia muammalah field, and is appointed in Member meeting. The number of member of DPS, according to Regulation of Bank Indonesia no. 6/24/PBI/2004, is 2 (two) at minimum and (5) five people at maximum. Meanwhile, according to AAOIFI in GSIFI (*Governance Standard for Islamic Financial Institutions*) number 1, it is stated that the minimum number of DPS member is 3 (three) people. DPS of BMT Amanah Ummah consisted of 2 (two) member, Dr. Syamsul Hidayat, M.Ag and Dr. Imron Rosyadi, M.Pd these two people have possessed a certificate or recommendation from DSN-MUI as it is determined in the Deed of Change change of BMT's article of association.

In the Deed of Change of BMT's article of association, it is described that the DPS functions are: 1) To provide advice and recommendations to the Manager, as well as to supervise the cooperative's activities so that they are in line with sharia economic principles; 2) to provide comments to the manager over sharia products before it is marketed and is implemented as a service; 3) to supervise the implementation of the sharia economic principle in cooperative business; 4) To report the supervision result on the implementation of the sharia economic principle to the member meeting/

DPS's responsibilities are: 1) To keep its supervision result secret to the third party; 2) To make a written report on supervision result to the member meeting; 3) to supervise the implementation of service products and organization of the cooperative; and 4) to account the supervision result to the Member meeting. Meanwhile, DPS's rights are: 1) to examine the products carried out by the cooperative; 2) to obtain any necessary information; 3) to provide correction, recommendation, and warning to the administrator regarding product implementation; 4) to receive an honorarium.

Based on the result of the study<sup>19</sup> it was found that DPS's primary role is to ensure<sup>19</sup> that the BMT's activities and operations run in accordance with sharia principles, and refer to fatwa issued by DSN-MUI because DPS is a sharia supervisory institution assisting DSN carrying out sharia supervision in each sharia financial institution. Thus, DPS takes role in: 1) stating opinion or recommendation over BMT's products based on DSN fatwa, so that a product cannot be implemented without DPS's opinion; 2) DPS performs sampling on the implemented covenant to evaluate whether or not the implementation of covenant in accordance with sharia provisions; 3) Based on the result of the sampling, DPS states opinions/recommendation; 4) then, the opinion regarding the findings is delivered to the administrator as the basis of the implementation of BMT's product; 5) after carrying out that roles, DPS holds a duty to make a written report on the implementation of activities in BMT and make an assessment regarding BMT's compliance on sharia principles, which the report will later be delivered to Member meeting.

Based on the result of the study, the supervision on sharia compliance carried out by DPS in BMT Amanah Ummah had not been optimum. The informant explained that<sup>20</sup> the supervision was performed by DPS in the scope of sharia compliance of the BMT, aiming to ensure that BMT products have been consistent with Fatwa issued by DSN MUI and sharia principles. The forms of

<sup>14</sup> M. Syamsudin. (2007). *Operasionalisasi Penelitian Hukum*. Jakarta: PT. Raja Grafindo Persada. pp. 246.

<sup>15</sup> Kuart Ismanto. (2009). *Manajemen Syariah, Implementasi TQM Dalam Lembaga Keuangan Syariah*'ah. ctk.Pertama. Yogyakarta: Pustaka Pelajar. pp. 114.

<sup>16</sup> Muhammad Syafi'i Antonio. (2001). *Bank Syariah: Dari Teori ke Praktik*. Jakarta: Gema Insani. pp. 31.

<sup>17</sup> Muhammad Ayub. (2009). "*Understanding Islamic Finance*," translated by Aditya Wisnu Pribadi Jakarta: PT Gramedia Pustaka Utama. pp.. 52.

<sup>18</sup> Nurul Huda and Mustafa Edwin Nasution. (2009). *Current Issues Lembaga Keuangan Syariah*'ah. Jakarta: Kencana Prenada Media Grup. pp.208.

<sup>19</sup> Imam Rosyadi. (8 February 2019). *DPS Role and Supervision*. Interview in BMT Amanah Ummah.

<sup>20</sup> *Ibid*.

DPS supervision could be seen from its duty, right, and obligation carried out by DPT in BMT. The initial stage of DPS's supervision was performed by issuing opinion or recommendation on a covenant/ product before it is implemented by the Manager. Before a covenant/ product was published by BMT, DPS should ensure that it complies with fatwa of DSN and sharia principles, for instance, regarding whether or not it complies with the principle of a covenant. However, in the implementation of the covenant, the manager/ officer takes more role, in this phase, DPS's supervision is limited from its sharia compliance. At the end of the covenant, the form of DPS's supervision is shown when DPS took samples of implemented covenant for a review and evaluation to issue opinion/ recommendation for the Manager. The same can also be performed when a problem arises regarding a covenant being implemented, the manager then conducted a meeting/ consultation with DPS, the DPS issue opinion or recommendation to the manager, however its application in field is beyond the scope of DPS, it is carried out by the Manager.

According to Faizal Abdul Haris, SE as the Head Director explained that<sup>21</sup> less optimum of DPS's supervision was due to time, where the profession as DPS member is not the main primary profession and DPS member in BMT Amanah Ummah also became DPS in other BMT in other areas of Sukoharjo, accordingly, the periodical meeting with DPS can only be conducted during periodic monthly meeting or during a certain important date. In addition, hindrance related to the audit skill of DPS member. Although DPS members possess religious knowledge, audit skill is also needed by DPS in supervising sharia compliance in BMT. DPS takes a role only on the supervision on sharia principle to maintain sharia principle is maintained, for instance, DPS reviews it from the principle of covenant. The supervision on the operational and the management of BMT to make it complies with the legislation or prevailing regulation is the responsibility of the Supervisor.

*Shari'a review* is the primary activity of DPS in performing its duty and function as the supervisor of sharia compliance in all operations LKS. The main purpose of sharia review is to ensure the compliance of the entire operation of financial institution with sharia principle and regulation by issuing fatwas, regulations, and guides on fiqh issue that is used as a guideline for the management in operating LKS (GSIFI No. 2 paragraph 1).

Sharia review refers to examining the whole sharia compliance on LKS so that DPS should possess a complete and free access on all transaction document and all information from various sources, both expert's recommendation or employee's suggestion. It aims at ensuring that the activities performed by LKS do not contradict sharia principle and regulation determined through fatwa and is regulated in Sharia Board namely DSN-MUI (GSIFI no. 2 paragraphs 4). By Sharia review, it is expected that all activities and products of LKS comply with sharia principle and regulation determined and regulated by DPS.

In the practice of Sharia internal supervision by conducted by DPS, Sharia review, according to Briston and Ashker (cited in Yaya, 2004) is divided into three forms namely: *ex ante auditing*, *ex post auditing*, and the calculation and payment of zakat.<sup>22</sup> However, related to the process of supervision on sharia compliance, DPS adheres to the regulation determined by AAOIFI and Islamic Financial Services Board (IFSB), asserting that there should be supervision before business is run (*ex ante*) and after the business is run (*ex post*).<sup>23</sup>

**1) Ex ante auditing**

Ex ante auditing refers to sharia supervision through observation on various policies made by reviewing the management's decision, and reviewing all contracts made by the management of LKS with all parties. It aims at preventing LKS from performing a contract that contradict sharia principles.

Based on the result of the study, sharia review *ex ante auditing* was carried out by DPS in BMT Amanah Ummah by stating an opinion to the Manager regarding sharia products before a product is sold in the market and is implemented as a service product. DPS played a role in validating and developing products, it is shown by stating opinion/ recommendation over BMT products based on fatwa issued by DSN, so that BMT products cannot be sold or be applied without DPS's opinion or recommendation.

Besides, DPS also provides correction, suggestion, and warning to the manager regarding the application of a product. It is shown by DPS when taking samples on the implemented covenant to evaluate whether or not the implementation is in accordance with sharia provision and fatwa issued by DSN-MUI, and from the sampling result, DPS stated opinions to be delivered to the BMT's Manager. Based on the opinion on the covenant sampling, the shortage or problems occur during the implementation of a covenant can be discovered, thus the result can be used as a reference to design a new product that is in accordance with the problems faced by the community to be proposed to DSN-MUI to obtain its fatwa. DPS works as the first filter before a product is reviewed and is having a fatwa issued by national sharia board. This duty demands an in-depth review and analysis accuracy to ensure the development of KJKS BMT is in line with the sharia principle.

**2) Ex post auditing**

Ex post auditing refers to sharia supervision by examining the activity reports and financial reports of LKS. This is aimed at understanding the activities and financial sources of LKS that is not in line with the sharia principle.

<sup>21</sup> Faisal Abdul Haris. (8 February 2019). *DPS Role and Supervision*. Interview in BMT Amanah Ummah.

<sup>22</sup> *Ibid.*

<sup>23</sup> *Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) No. 2, on Sharia Review*, 2002, pp. 16. See also *Islamic Financial Services Board (IFSB), Guiding Principles On Corporate Governance For Institutions Offering Only Islamic Financial Services (Excluding Islamic Insurance (Takaful) Institutions And Islamic Mutual Funds), Guiding Principles* 11, 2006.

By referring to Deed of Change of BMT's article of Association, by analyzing the implementation of sharia supervision in BMT Amanah Ummah based on sharia review ex post auditing, it is found that DPS of BMT Amanah Ummah only performed activities related to the assessment of sharia compliance on the management performance and made sharia compliance assessment report.

a) Sharia compliance Assessment

As it has been explained above, assessment on sharia compliance carried out by DPS is merely on the service product of BMT Amanah Ummah, it is shown through validation and development of BMT's product before it is marketed or implemented, ensuring that the product is not in contrast with fatwa issued by DSN-MUI or sharia principles.

Sharia review ex post auditing carried out by DPS in assessing sharia compliance on the activity and management of BMT, especially on the application of covenants, has not been optimum, particularly in the supervision of the application of covenant and at the end of the covenant. This supervision can be optimized by supervising the implementation of covenant and the end of covenant, given that the problems often occur in BMT are in the form of deviant covenant implementation so that it contradicts with fatwa issued by DSN-MUI or sharia principles. It can be done by examining the availability of item purchase documents for murabahah covenant as the requirement of murabahah sale-purchase covenant.

In addition, it can be done by examining the availability of customer's business report document for mudharabah or musyarakah covenant as the basis of calculation of profit-sharing. If necessary, DPS may conduct investigation, asking for information/ confirmation to staffs/ members of BMT to strengthen the result of document study, it is one of the rights possessed by DPS in the Deed of Change of Articles of Association of BMT Amanah Ummah.

Supervision at the end of the covenant and when a problem arises was shown by DPS's activity of sampling on applied covenants and performing a review, evaluation, and assessment on the covenants, then stating opinions or recommendation for the Manager. DPS merely states opinion/recommendation from the sharia compliance perspective to the Manager, however, its application/ execution of covenant depends on the Manager. DPS of BMT Amanah Ummah also did not optimize its role in assessing the organization and the management of BMT, it was done by Manager of BMT.

b) Sharia Compliance Assessment Report

As it is stated in the Deed of Change of Article of Association of BMT, DPS holds function and obligation to make report on supervision toward the implementation of sharia economic principle and report on the result of supervisory duty to the Members Meeting. DPS report contains the sharia compliance assessment of a KKJKS or BMT it supervises.

The optimization of DPS's role is crucial to ensure that every transaction is in line with sharia principle that refers to Al-Quran and Sunnah, in this case, National Sharia Board of Indonesian Religious Council (DSN-MUI)'s fatwa. DSN-MUI's basic guideline, chapter IV paragraph (2) states that DSN-MUI issues fatwa that binds DPS in every sharia financial institution, and becomes the basis for any party to take relating legal action, based on fatwa issued by DSN-MUI that is referenced by DPS.<sup>24</sup> DSN is the one and the only body possessing authority to issue Sharia fatwa regarding types of sharia financial activities, products, and service, as well as to supervise the implementation of the fatwa by financial institutions in Indonesia.<sup>25</sup> In addition, DPS's and DSN's role is not only to supervise sharia financial institution's operation but also to encourage the development of sharia finance and economy in Indonesia.<sup>26</sup>

## CONCLUSION

*Shari'a review* is the primary activity of DPS in performing its duty and function as the supervisor of sharia compliance in all operations LKS. The main purpose of sharia review is to ensure the compliance of all operational of the financial institution with sharia principle and regulation. In the process of supervision on sharia compliance, DPS adheres to the regulation determined by AAOIFI and Islamic Financial Services Board (IFSB), asserting that there should be supervision before a business is run (ex ante) and after the business is run (ex post auditing).

1) Sharia review ex ante auditing was carried out by DPS in BMT Amanah Ummah by stating an opinion to the Manager regarding sharia products before a product is sold in the market and is implemented. DPS played a role in validating and developing products, it is shown by stating opinion/ recommendation over BMT products based on fatwa issued by DSN, so that BMT products cannot be sold or be applied without DPS's opinion or recommendation. Besides, DPS also provides correction, suggestion, and warning to the manager regarding the application of a product. It is shown by DPS when taking samples on the implemented covenant to evaluate whether or not the implementation is in accordance with sharia provision and fatwa issued by DSN-MUI, and from the sampling result, DPS stated opinions to be delivered to the BMT's Manager.

2) With regard to Sharia review ex post auditing, it was found that DPS of BMT Amanah Ummah only did the activities

<sup>24</sup> Hirsanuddin. (2008). *Hukum Perbankan Syariah di Indonesia (Pembiayaan Bisnis dengan Prinsip Kemitraan)*. First Edition Yogyakarta: Genta Press. pp. 42.

<sup>25</sup> Minarni. (Juli 2013). "Konsep Pengawasan, Kerangka Audit Syariah dan tata Kelola Lembaga Keuangan Syariah". *Jurnal Ekonomi Islam La\_Riba*, Vol. VII, No. 1. pp. 32.

<sup>26</sup> Fitra Nelli. (January-June 2015). "Problematisasi Kiprah Dewan Pengawas Syariah (DPS) di Perbankan Syariah". *Jurnal Al Masharif*. Vol. III, No. 1. pp. 91.

regarding the sharia compliance Assessment on the management performance and made a sharia Compliance Assessment Report. a) sharia Compliance Assessment, it was shown by validating and developing BMT's product before it is marketed or is applied, ensuring that the product does not contradict the fatwa issued by DSN-MUI or sharia principle. Sharia review ex post auditing carried out by DPS in assessing sharia compliance on the activity and management of BMT, especially on the application of covenants, has not been optimum, particularly in the supervision of the application of covenant and at the end of the covenant. This supervision can be optimized through supervision in the stage of covenant application and at the end of the covenant by examining the availability of item purchase document for murabahah covenant as a proof that the requirement of murabahah sale-purchase covenant is met.

3) In addition, it can be done by examining the availability of customer's business report document for mudharabah or musyarakah covenant as the basis of calculation of profit-sharing. If necessary, DPS may conduct an investigation, asking for information/ confirmation to staffs/ members of BMT to strengthen the result of document study, it is one of the rights possessed by DPS in the Deed of Change of Articles of Association of BMT Amanah Ummah. Supervision at the end of the covenant and when a problem arises was shown by DPS's activity of sampling on applied covenants and performing a review, evaluation, and assessment on the covenants, then stating opinions or recommendation for the Manager. b) Sharia Compliance Assessment Report, as it is stated in the Deed of Change of Article of association of BMT, DPS holds roles and obligation to make reports on the supervision of sharia economic principle implementation, and report on the result of supervisory duty to the Members Meeting. DPS report contains the sharia compliance assessment of a KKJKS or BMT it supervises. Less optimum of DPS's supervision is also affected by the time of DPS members and DPS's audit skill.

### RECOMMENDATION

DPS shall possess qualification and competency of sharia financial institution supervisor. DPS should be provided with authority to supervise the management, the application of covenant, and the execution of covenants in problems so that DPS's sharia review is not limited on BMT products but may cover the operational and management of BMT to maintain sharia compliance. DPS's role in sharia financial institution is vital in maintaining sharia compliance, accordingly, DPS's role strengthening is necessary to maintain sharia values since the main characteristic of sharia financial institution is the comprehensive and consistent implementation of sharia principle.

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