

## Halal Auditing Challenges: A Case Study on Auditors in Jabatan Hal Ehwal Agama Islam Kelantan (JAHEAIK)

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### **Abstract**

Currently, Halal certification received the highest acceptance, especially in the food industry in Malaysia. Modern food production involving packaging, novel foods, Genetic Modification Organisms (GMOs), and newly developed food preservatives like additives, emulsifiers, conditioners, and stabilizers have become more critical in food ingredients. The lack of knowledge and exposure among the halal auditors in this modern food production leads to an issue towards the reliability of the audit process. Thus, this research aims to identify the challenges faced by the halal auditors in Jabatan Hal Ehwal Agama Islam Kelantan (JAHEAIK) from the scope of halal audits. This research used the qualitative method through in-depth interviews and applied the content and thematic analysis from published material, articles, and journals. Findings from the discussion highlighted two internal challenges: documentation and raw material/ingredients. The result of this research exposed the challenges that deem the area of problems available in the scope of the halal audit and three other external obstacles out of the scope of the halal audit, such as customer issues, lack of equipment, and time allocation. The suggestions and recommendations of this research also improve and overcome the challenges among the halal

auditors.

**Keywords:** Halal Auditing, Halal Auditors, Challenges, JAHEAIK

### **Introduction**

Nowadays, halal certification has become a crucial element to the industry, especially food industries, as it signifies that food produced by that company is halal and allowed to be eaten, especially for Muslims, besides as their marketing tool. Generally, the Department of Islamic Development Malaysia (JAKIM) has the power to issue the halal status for local products or local manufacturing services, foreign manufacturing, and manufacturing plants intending to export their halal products internationally based on the issuance of halal certificates in Malaysia. Besides JAKIM, the State Religious Councils (MAIN/JAIN) has the authority to issue halal certificates specifically in the domestic market for their respective state.

In obtaining the halal certificate, a halal audit will be conducted by halal auditors involving auditors from Shariah and

technical backgrounds. Auditors will check the required documents and conduct an on-site audit, then make required reports that include any non-conformance found during the audit process for corrective action (Sahir Jais, 2017).

Usually, the halal audit is conducted by a minimum of two halal auditors, one of which is competent in Shariah and the other competent in the technical part (Sahir Jais, 2022). The halal audit process is a crucial inspection of the whole process, starting from the procurement of raw materials to the final distribution of the product before it reaches the consumer. This involves auditing the packaging, novel foods, GMOs, and newly developed food additives such as preservatives, emulsifiers, conditioners, and stabilizers. Pertaining to this matter, halal auditors seem to have difficulty dealing with certain raw materials that are new to them, especially those related to scientific terms such as enzymes, gelatine, lactic acid, sulphate hydroxide, and other ingredients they did not use (Muhammad et al., 2019). The halal auditors expect the answers from the halal executives instead of the other way around. The halal executive provides solutions to the halal auditors (Muhammad et al., 2019). This shows that the halal auditors faced these challenges in their day-to-day work audit, which could affect the quality of the audit they conducted primarily when it involved auditing the new raw materials, which they had not audited before. These issues need to be highlighted to find solutions to solve the problems.

Thus, this research aims to explore the challenges faced by the halal auditors at the state level, Jabatan Hal Ehwal Agama Islam Kelantan (JAHEAIK), during the halal audit process from the features of the scope of the halal auditing.

## Literature Review

### The Concept of Halal

The word 'halal' is derived from the root of Arabic words: *halla*, *yahillu*, and *hillan* (Muhammad, Salleh & Mahmood, 2008). The definition of Halal according to the Trade Description (Definition of 'Halal') Order 2011 is as follows:

When food or goods or service concerning the food or goods used in the course of trade or business is described as "halal" or by any other expression indicating that Muslims are permitted to consume or use such food or goods or service, it means the food or goods or service concerning the food or goods:

- (a) neither is nor consist of or contains any part or matter of an animal that a Muslim is prohibited by Hukum Syarak to consume or that has not been slaughtered in accordance with Hukum Syarak and fatwa;
- (b) does not contain anything impure according to Hukum Syarak and fatwa;
- (c) does not intoxicate according to Hukum Syarak and fatwa;
- (d) does not contain any parts of a human being or its yield, which are not allowed by Hukum Syarak and fatwa;
- (e) is safe to be used or consumed, not poisonous or hazardous to the health;
- (f) has not been prepared, processed or manufactured using any instrument that was not free from anything impure, according to Hukum Syarak;
- (g) has not in the course of preparation, processing or storage been in contact with, mixed, or in close proximity to any food that fails to satisfy paragraphs (a) and (b).

In the Al-Quran, the halal term is also expressed with the term *tayyiban*, which means good. For example, in Surah al-Baqarah verse 168:

*"O mankind, eat from whatever is on earth [that is] lawful and good and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy".*

According to Jasmi (2019), as mentioned by Ibn al-Kathir (1998), verse 168 from Surah al-Baqarah explains that after Allah SWT said that there is no God but Him and that only He created everything, then Allah SWT said that He is the One who provides for all His creatures. For that, Allah SWT is mentioned as the giver of grace to them, that He allows them to eat from all that is on earth, which is lawful for them and good and does not harm their bodies and minds, as a gift from Allah SWT. In addition, Allah SWT also forbids them to follow in the footsteps of Satan.

The verse alone is clear enough to be understood that eating halal foods is Allah's command. As Muslims, we must be aware that if we follow the order of Allah, we will be rewarded, and if we violate His command, we will be punished.

### **Halal Audit and Halal Auditor**

To obtain a halal certificate, a company needs to follow the halal certification procedures, which require several steps that need to be passed (Vanany et al., 2018). According to Sahir Jais (2022), a halal audit consists of an adequacy audit (documentation audit) and an on-site audit.

The halal auditor is an essential player in the on-site audit and follows up audit to determine whether the raw materials,

processes, and personnel follow Islamic law principles. The job scope for halal auditors is to inspect the company's profile documentation, the implementation of Halal Assurance System (HAS) for large and medium-sized industries, as well as the implementation of Internal Halal Control System for small and micro industries, ingredients, utilities, storage, labelling and packaging, processing flows, logistics, personnel, premise cleanliness, and sanitation. Other than that, the halal auditors must be qualified in Syariah or have a food technology background to conduct the audit (Sahir Jais, 2022).

According to Sahir Jais (2022), an effective auditing team usually consists of two (2) or more members. The requirements for an auditor are practicing Muslim, technically competent with Shariah knowledge and halal principles, trained in halal auditing and halal related matter, also possessing the necessary skills and experience to perform the audit effectively. According to MS2691:2021, the personal attributes required are ethical, tenacious, accountable, observant, perceptive, versatile, decisive, and communicative.

### **Halal Audit Challenges**

Despite the halal audit procedure, some challenges may exist for the halal auditors along the halal audit process. According to Muhammad et al. (2019), their research has revealed some factors that affect the smoothness of halal certification applications. One of the mentioned factors is the lack of human resources, which is the main factor that causes the delay in the halal certification process. Due to the lack of workforce, the abundance of workload may affect the halal auditors' performance, especially when receiving halal certification applications at one time. Furthermore, it costs much time to complete the audit task if the number of auditors needs to be improved, which

indirectly causes a burden and fatigue to them (Agoglia et al., 2010; Yan & Xie, 2016).

Muhammad et al. (2019) have also found that few halal auditors need to be more competent during the halal reviewing process. This can be seen when the halal auditors are not used to the food science terms or some additives when they undergo the halal audit. Furthermore, the above factor has been supported by Noordin et al. (2014) on the issue of poor communication between halal auditors and halal applicants. The halal auditors' inability to answer industry inquiries indicates they need more competence while performing an audit.

## Methodology

This research uses a qualitative method as a research design by conducting an

interview session with the halal auditors to the collected data. A semi-structured interview is employed to gather the data for this research. It was developed based on a literature review and upon consulting the experts in the halal auditing field. The interview question focuses on the halal auditors' challenges during the halal audit. The questions on the challenges were asked from the features of the scopes of the halal audit. These questions indirectly correspond to the objective of this research to determine the challenges the halal auditors face in ensuring halal and the integrity of products from the features of scopes of the halal audit. The sampling of this research is purposive sampling, where the informants in this research are in charge of the audit unit in JAHEAIK, and also their years of working experience as halal auditor, as mentioned in Table 1 below:

Table 1. List of JAHEAIK Informants

Informants	Position	Background Area	Working Experience
A	Chief of Halal Auditor	Shariah	10 years
B	Halal Auditor	Food Technology	3 years 4 months

Data analysis is evaluating data to examine each component of the data collected or provided using logical and analytical reasoning (Perez, 2019). This research used several data analysis methods to analyze the interview transcripts for the result and findings. This includes content analysis, transcribing the interview, and thematic analysis. Content analysis is the most common qualitative data analysis method used to analyze documented information in texts, media, or even physical items and is based on the research

questions (Bhatia, 2018).

## Results and Discussion

The interview conducted at Halal Management Division, JAHEAIK explored the challenges faced by the halal auditors in ensuring halal and the integrity of products from the features of the scopes of halal audit, which are examined thoroughly and analyzed by thematic analysis for the area of research as shown in figure 1:

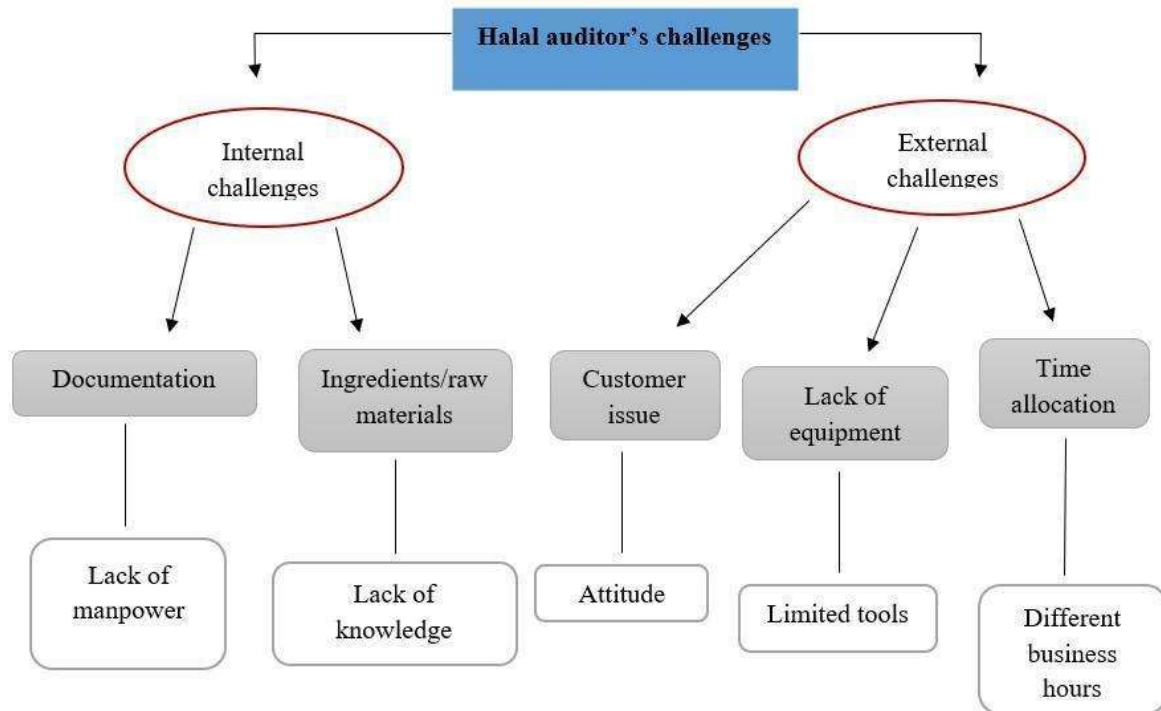


Figure 1: Halal auditor's challenges

Based on the findings above, the challenges or areas of problems faced by the halal auditors in JAHEAIK while performing halal audit start from the adequacy or documentation audit and continues until on-site audit. The challenges can be divided into internal and external challenges, where the internal challenges can be divided into two elements: documentation and raw material/ingredients incorporated in the scope of the halal audit. Furthermore, from the interview, researchers discover other external challenges the halal auditors face. Thus, the themes were grouped into two main sections specific to the research question: Internal and External challenges. Internal challenges consist of problems discovered within the scope of the halal audit. In contrast, external challenges are challenges the halal auditors face outside the scope of halal audits.

### Theme 1: Internal Challenges

Internal challenges are defined as the constraints and barriers factors within the individual. From Macmillan English Dictionary (2017), internal challenges

exist or are situated within the limits or surface of something. The informants answered the themes under Internal Challenges to explore the challenges of being a halal auditor from the scope of the halal audits.

### Documentation

According to both informants, the minimum number of halal auditors that will carry out the halal auditing process is two (2) personnel who are competent in Shariah and have a technical background. In comparison, the maximum number is three (3) or four (4) halal auditors personnel, depending on the industry category, whether small, medium or large category. Both informants insisted that conducting the halal audit with this number of halal auditors is challenging, especially for hotel schemes or food premise schemes with hundreds or thousands of menus to be examined. Furthermore, there are only six halal auditors to cover all the provinces in the state of Kelantan in ascertaining the halal status and the integrity of the products.

Thus, lacking human resources may consume much time to finish the halal auditing process, especially during the document review. It will burden the halal auditors if they audit hotels or food premises with many ingredients and raw materials. Document reviewing must be done meticulously by examining the ingredients and menu displayed one by one to ensure that all of the ingredients are not doubtful and verify their halal status before

they can proceed to site auditing.

In addition, informant B stated that every halal auditor has competency and expertise, like Shariah or food technology. Hence, inadequate staff contributes to the problem of looking out for the critical ingredients during document review as this situation does not involve the halal auditor from a Shariah background. This situation will indirectly cost much time.

*"Everyone has their expertise; for example, that person knows the raw materials stated while the others do not. So, it is challenging for us when the staffs are inadequate."*

(Informant B)

This situation will cause staff to experience demotivation when working as halal applications are continuously increasing daily. According to Agolia et al. (2010) and Yan and Xie (2016), staff who bear the burden will suffer from emotional exhaustion, fatigue, and depression. Thus, a lack of workforce and added workload can cause stress, affecting the halal auditors' performance, especially during the document review.

impressive nowadays, and it is challenging for humans to manage the changes. No wonder halal auditors particularly have to increase their knowledge under this development as food products to date go through an advanced food processing process. This situation indirectly becomes a challenge to the halal auditors as they have to keep increasing their knowledge as many products in the market are seldom made naturally or use manpower. Additionally, food products nowadays are always added with several food additives. Thus, ascertaining halal products is a challenging task.

### **Raw materials/ingredients**

The rapid pace of technological change is

*"There are many products in the market that relates to food technology. It is a bit challenging for us regarding knowledge—for example, GMO food in the market. We do not know what the main source of the food is. We are afraid that the food has been mixed with haram elements. Food technology always creates something new, so halal auditors must have more knowledge to handle this challenge"*.

(Informant B)

Furthermore, the interview has resulted in halal auditors needing help recognizing some ingredients or new preservatives during the halal audit. This is due to the abundance of food products in the market through modern food processing. Moreover, to attract consumers who always want to try something new, many food producers compete to be the top

market demand for food products. Hence, adding food additives such as shortening or emulsifiers may provide various tastes that attract consumers.

Not only that, from the interview, one of the informants said that halal auditors would directly ask the applicants if they did not know the ingredients. This situation indirectly may show their

inability and less professionalism to handle the challenges. Honestly, the applicant has to ask the questions on the new raw materials to the halal auditors and not the halal auditors that put forward the questions.

This can be supported by Muhammad et al. (2019), stating that industry representatives may manipulate their explanation of the status of the raw materials, and auditors are unable to detect the truth. Indirectly, this situation may ruin the credibility of the halal authority. Hence, knowledge is critical among the halal auditors in facing this world that is challenging. This shortcoming, namely the halal auditors' lack of technical knowledge, has even been admitted by JAKIM/JAIS (Muhammad et al., 2019).

## Theme 2: External Challenges

*"Dealing with people is very difficult...different people, different attitudes. Auditors must be tough as a matter that involves society. It is super challenging. For example, challenges in dealing with their anger, attitude, and integrity...plus applicants come from various backgrounds. There are the rich, the poor, and the middle class. The halal auditor must know how to deal with these people as not everyone wants to listen".*

(Informant A)

Furthermore, the researcher also discovered that both informants faced problems auditing the OEM company.

They have to deal with more than one person as OEMs involve the brand owner too.

*"Brand owner does not cooperate to facilitate the audit process as he wants to keep his company information and the raw materials used in the product private. Just tell the OEM what kind of raw materials they used. We (halal auditors) want to keep the percentage private. Just want to know the raw materials' name."*

(Informant A)

Informant A even added that,

*"Applying for the halal certificate must be transparent. The brand owner should declare all the raw materials he used to the OEM."*

(Informant A)

Concerning this OEM issue, any company or product owner should apply Halal

Certification to all factories producing the same products. However, it becomes a

problem when the OEM company does not list all the brand owners that use their manufacturing services in the system. Moreover, the brand owners have several

attitudes and temperaments that halal auditors must deal with. This statement can be supported by,

*"For example, the product's name is Kopi Gadis. The name is not very decent, plus with the logo displayed is a sexy woman. Halal auditors will ask the OEM to tell the brand owner to change the name of the products. However, the owner disagrees, so dealing with the brand owner is sometimes a bit challenging too".*

(Informant B)

Not only that, even Informant A stated that applicants' attitude sometimes causes problems for the halal auditors. This can

be seen from the issue of the MYeHALAL system when applicants mostly do not want to learn the system thoroughly.

*"Sometimes, the server goes down, but not too often. Well, every human invention will only sometimes be perfect. I have been using the system for eight years, and it has much improvement from JAKIM...except for applicants, who found it difficult to use. It becomes tougher when the applicant himself does not want to learn. All they know is their products could penetrate the market quickly."*

(Informant A)

Hence, customer issues are one of the challenges that halal auditors face. Every person has a different attitude and temperament; thus, handling applicants is difficult. Halal auditors should partner with the applicant in solving the problem and treat them firmly. Sometimes, applicants' complaints are a sign of a disconnect between what applicants expected and what the halal authority delivered.

### **Lack of equipment**

Equipment availability has been one of the challenges that halal auditors must face. Inadequate halal auditing tools or equipment can cause slow work movement, and much time is required to finish the audit. For example, in this case, halal auditors must be provided with more portable tablets and cameras during the on-site audits. This disadvantage has caused them not to be able to access the internet during the audit. Furthermore, halal auditors consist of two teams, and they

have to use their smartphones to browse websites like the MYeHALAL system or Halal Directory.

Moreover, only one person from the halal auditors can take the photo as only one camera is provided. Other halal auditors that notice any offences will do the photo-taking with their smartphone as a backup plan. With this lack of equipment, the audit process will take much time to be finished. Not only that, the professionalism of the halal auditors may be seen less by the applicants. Thus, this situation shows that equipment or halal audit tools are crucial to increase job performance.

### **Time allocation**

As halal auditors, they must sacrifice their time with family and friends as industries' operating hours are different from office hours, especially for slaughterhouse schemes and manufacturing that operate early in the morning. This can be supported based on the conversation



below,

*"Irregular working hours may be an obstacle, especially when we have to audit slaughterhouses or factories that operate in the early morning. For instance, we once had to audit the kuey teow factory at 3 a.m. as the factory only operates in the early morning. So, it is a bit challenging as I have sons".*

(Informant B)

Informant B also stated that,

*"With inadequate halal auditors, the time required to complete the halal auditing process may cost much. So, they have to sacrifice their time".*

Not only that, informant A even implied that:

*"Auditors must understand the concept of working lillahitaala".*

## Conclusion

From the results of this research, it is clear that halal auditing challenges in JAHEAIK face internal and external challenges during the audit process, such as documentation, raw material/ingredients, customer issues, lack of equipment and time allocation. Hence, four (4) suggestions and recommendations were offered by the informants and also proposed by researchers on how to ensure the challenges mentioned could be reduced leisurely while improving the efficiency of the relevant party, which is the halal authority.

First, increase the number of human resources. Increasing its manpower's suggestion has also been supported by Muhammad et al. (2019) as they implied that hiring a lot of manpower is encouraged to expedite the process of issuing new halal certifications or renewing the existing ones. They even insisted that higher institutions should expose the students to a real working environment in the halal industry to prepare them to be someone qualified to be a halal auditor in the future.

Second, maximize the halal auditor training program. The training program

should strengthen the knowledge of pharmaceutical and cosmetic schemes as these schemes usually use chemical ingredients or preservatives that are more complicated and rarer.

Third, develop self-discipline ethics. Self-discipline should also be applied when the halal auditors have to work overtime due to their irregular working hours, like when they have to audit slaughterhouses, factories, or any industry that only operates early in the morning, which are different from regular office hours. From the interview, both informants stressed that being a halal auditor is normal to sacrifice time with family and friends. This inflexibility of working hours must be adapted slowly from day one of working, and halal auditors must be more motivated in carrying out their responsibilities. Furthermore, audit schedule availability is helping a lot for halal auditors to manage their time wisely. By referring to the audit schedule, halal auditors should not have any problem carrying out the halal auditing process as earlier preparation could be made. Thus, having self-discipline is a must among the halal auditors to ensure that every challenge they face is under control. When there is self-discipline, there is always motivation. Not only will the results be successful, but the credibility of

halal auditors will remain intact in society.

Finally, bilateral cooperation. It is wise to suggest that cooperation between the industrial representatives and halal certification authority must be strengthened to provide a clear understanding and exposure to both parties so that any miscommunication or misinformation is not raised in the future. Industrial representatives should always be prepared to disclose everything about the products or the company background if they want to obtain the halal certificate.

### Acknowledgement

The researcher would like to express gratitude to the informants from Jabatan Hal Ehwal Agama Negeri Kelantan (JAHEAIK) involved in this research for their invaluable input throughout the research.

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