

**AN EXPLORATORY STUDY OF WAQF ACCOUNTING AND REPORTING PRACTICES AMONG MOSQUES IN KELANTAN  
MENGAJI AMALAN PERAKAUNAN DAN PELAPORAN WAKAFDI KALANGAN MASJID DI KELANTAN**

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**Abstract**

Waqf (endowment) is one of the practices that is prescribed in Islam. It provides extensive benefit to the waqf founder (waqif) as well as to the receiver (mawquf). Therefore, property governed under waqf should be managed ethically to ensure the benefit can be derived by all. In Malaysia, waqf properties are being managed by the state through the State Islamic Religious Councils (SIRCs). Nowadays, the collection and management of waqf funds is not only handled by SIRCs, but also by private institutions like mosques and tahfiz institutions. Besides for religious and spiritual purposes, mosques play various functions such as providing education and welfare services to the community and the waqf collected are usable for stated purposes. It is an essential tool towards achieving socio-economic development, and if properly implemented, it can play a major role towards reducing unemployment and poverty eradication, eventually contributing towards the socio economic progress of Muslim communities. Therefore, with the increasing amount of waqf collected by mosques, it is critical for the mosques to be transparent in their transactions as an act of ibadah to God and accountable to the ummah. The waqf accounting and reporting are important to enhance transparency and accountability of waqf institutions or waqf managers towards donors. This approach will ensure it meets the stipulated purposes and avoid mismanagement of waqf properties. The objective of this study is to explore the current accounting and reporting practices of waqf property and funds by mosques in Kelantan. This study is important to ensure a better, systematic and integrity management of waqf funds by mosques in Malaysia. The research applied qualitative method through in-depth interview method with mosque administrators in Kelantan who receive waqf funds and property. The results of the study found that waqf property, especially land, is managed by the mosque but recording and reporting is managed by MAIN. Meanwhile, other waqf funds obtained by mosques are not recorded correctly, completely and systematically according to the accounting system. The findings of this study are expected to help MAIN and mosques in ensuring the preparation of financial accounting and reporting of the mosque is in accordance with the Accounting System Standards.

**Keywords :** Waqf, accounting, reporting, transparency, accountability

### **Abstrak**

Wakaf merupakan salah satu amalan yang disyariatkan dalam Islam. Ia memberi manfaat yang luas kepada pengasas wakaf (*waqif*) dan juga kepada penerima (*mawquf*). Harta wakaf yang diterima oleh *waqif* harus diuruskan secara beretika bagi memastikan manfaat dapat diperolehi oleh semua pihak. Di Malaysia, harta wakaf diuruskan oleh kerajaan negeri melalui Majlis Agama Islam Negeri (MAIN). Dewasa ini, kutipan dan pengurusan dana harta wakaf bukan sahaja dikendalikan oleh MAIN, tetapi juga oleh institusi-institusi lain seperti masjid dan juga tahfiz. Selain untuk tujuan keagamaan dan kerohanian, masjid memainkan pelbagai fungsi lain seperti menyediakan perkhidmatan pendidikan dan kebajikan kepada masyarakat dengan menggunakan dana wakaf. Pengurusan wakaf yang beretika adalah penting bagi mencapai pembangunan sosio-ekonomi, mengurangkan pengangguran dan pembasmian kemiskinan, seterusnya menyumbang ke arah kemajuan sosio-ekonomi masyarakat Islam. Oleh itu, pihak pengurusan masjid perlu membuat perekodan dan pelaporan dana wakaf yang telus untuk memastikan dana wakaf dapat diuruskan dengan baik dan efisien untuk pembangunan ummah. Perakaunan dan pelaporan wakaf adalah penting untuk meningkatkan ketelusan dan akauntabiliti institusi wakaf atau pengurus wakaf terhadap penderma. Pendekatan ini akan memastikan ia memenuhi tujuan yang ditetapkan dan mengelakkan salah urus harta wakaf. Sejajar dengan itu, objektif kajian ini adalah untuk mengkaji amalan perakaunan dan pelaporan semasa harta dan dana wakaf oleh masjid di Kelantan. Kajian ini penting bagi memastikan pengurusan dana wakaf oleh masjid yang lebih baik, bersistematik dan berintegriti serta seterusnya menjamin kelangsungan harta wakaf di Malaysia. Kaedah kajian adalah berbentuk kualitatif melalui metod temubual secara mendalam dengan pentadbir masjid di Kelantan yang menerima dana dan harta wakaf. Hasil kajian mendapati bahawa harta wakaf khususnya tanah diuruskan oleh masjid tetapi perekodan dan pelaporan diuruskan oleh MAIN. Manakala, dana wakaf lain yang diperolehi oleh masjid tidak direkodkan dengan betul, lengkap dan sistematik mengikut sistem perakaunan. Dapatan kajian ini diharapkan dapat membantu MAIN dalam memastikan penyediaan dan pelaporan kewangan masjid adalah mengikut Piawaian Sistem Perakaunan yang ditetapkan.

**Kata Kunci:** Wakaf, perakaunan, pelaporan, ketelusan, akauntabiliti

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## **1.0 Introduction**

Waqf (endowment) is one of the practices that is prescribed in Islam. It provides extensive benefit to the waqf founder (*waqif*) as well as to the receiver (*mawquf*). Waqf is also considered as the holding of assets and the distribution of its usufruct to others (Nahar & Yaacob, 2011). Therefore, property governed under waqf should be managed ethically to ensure the benefit can be derived by all. In Malaysia, waqf properties are being managed by the state through the State Islamic Religious Councils (SIRCs). Each state is empowered to manage its own state waqf including land, buildings and cash donated by the donors of waqf (Talib et. al, 2018).

Nowadays, the collection and management of waqf funds is not only handled by SIRCs, but also by private institutions like mosques and tahfiz institutions. Besides for religious and spiritual purposes, mosques play various functions such as providing education and welfare services to the community and the waqf collected are usable for stated purposes. It is an essential tool towards achieving socio-economic development, and if properly implemented, it can play a major role towards reducing unemployment and poverty eradication, eventually contributing towards the socio-economic progress of Muslim communities. Therefore, with the increasing amount of waqf collected by

mosques, it is critical for the mosques to be transparent in their transactions as an act of ibadah to God and accountable to the ummah. The waqf accounting and reporting are important to enhance the greater transparency and accountability of waqf institutions or waqf managers towards donors.

## 2.0 Problem Statement

However, previous studies on the reporting of waqf among SIRC in Malaysia have found improper or lack of accounting records regarding waqf properties (Talib et.al.,2018; Mustaffha & Zainal, 2016; Siraj, 2012; Ihsan & Ibrahim, 2011; Ihsan & Adnan, 2009; Abdul Rahman et. al.,1999). (Talib et.al., 2018; Mustaffha & Zainal, 2016; Siraj, 2012) also found that the recording and reporting of waqf failed to comprehensively record assets listings, their current value and waqf accounts. Moreover, disharmony and diversification of accounting practice among SIRC in Malaysia was noticed as well by previous studies (Talib et.al, 2018; Marzuki & Shafii, 2013; Hamdan et.al, 2013). Accordingly, failure to keep proper accounting records shall provide opportunity for fraud and mismanagement of waqf properties to happen. Most importantly, the waqf reporting and disclosures are crucial to enhance the greater transparency and accountability of waqf institutions or waqf managers towards donors. Most of the previous studies have examined the reporting practice among the SIRC in Malaysia, but limited studies have focused on waqf managers in mosques. This study was conducted to explore the current accounting and reporting practice of waqf properties and waqf funds by mosques in Kelantan. The outcome of this study is hoped to assist mosques in preparing their financial account and be able to manage waqf resources effectively and efficiently. These practices shall enhance public trust and encourage them to contribute more to waqf.

## 3.0 Waqf in Malaysia

Waqf can be defined as holding some properties and preventing it for the confined benefit of philanthropy and prohibiting any use or disposition of it outside its specific objective (Kahf, 1999). The operations of waqf are closely connected to the concepts of 'confinement' and 'prohibition' in which when a particular waqf asset is given out for the benefits of others, its ownership is regarded as "belong to God-Allah" and therefore 'prohibited' from being taken private or even transferred to government ownership (Qasmi, 1999).

Waqf is classified into three categories; (1) Waqf Khayri, (2) Waqf Ahli and (3) Wakaf Musytarak (combination) (Kahf, 1998; Al-Sabiq & Sayyid, 1999). Waqf Khayri refers to the waqf in which its benefit is dedicated for the use of all groups of society. The purpose of this waqf is general (waqf 'am). Waqf Khayri also known as charitable waqf is designated for sincere gifts in the form of private possession for charity purposes that can benefit the community. This waqf is also dedicated to supporting the general good and welfare of the poor, the needy, public utilities such as schools, colleges for education, scientific research, shelter houses for orphans and wayfarers and hospitals which provide free services for the sick and poor (Hisham, 2013). In other words, if the recipients of the benefits are the public, it will be classified as waqf khayri (general waqf) (Baharuddin, 1998; Hassan, 1984). This waqf is said to be in line with the spirit of ibadah where the waqif (donator) will receive the rewards for the good deeds even after he dies as Abu Huraira reported that the Holy Prophet (peace be upon him) said "when a man

dies, all his acts come to an end, but three; recurring charity (sadaqah jarriyah), or knowledge (by which people benefit), or a pious offspring who prays for him”(Hisham, 2013). Waqf Khayri may also be enjoyed by the majority of the public and also provides a strong basis for the socio economic condition of the Ummah (Syed Othman, 1986).

Meanwhile, Waqf Ahli refers to the waqf that is set for a specific purpose or group (Al Sabiq & Sayyid, 1999). This is also known as the waqf fi ahli (family waqf) or waqf zurri (dhuriyyah-offspring) and Kahf (1999) terms it as private waqf. In India it is known as waqf al awlad (waqf for children; singular-walad or child) (Hisham,2013). In other words, the beneficiaries are either a specific person or persons characterized by the founder or any other specific persons. This type of waqf is endowed initially upon oneself, one’s children and one’s relatives (Hassan, 1984). It is legal in the shari’ah as its origin is from the Holy Prophet (peace be upon him) and his companions. It means that the majority of the usufruct (manfaa’) of the waqf assets is allocated to the owner, family or/and descendants (Hasanuddin, 1998). The purpose of this waqf and the target group of receivers are fixed from the beginning, whether it is for family members or a special group of people (waqf khas). From the Islamic point of view, Waqf Ahli which is created for immediate family members endowment ownership is non-permanent because it includes children, grandchildren and others (Masruki & Shafii, 2013).

Waqf Musytarak is a combination between these two forms of waqf (Kahf, 1998). Part of the waqf property is dedicated to family members and another part for the use of the public (Abu Zahrah, 1959). Normally, under Waqf Musytarak, the endower (waqif) will specify the target beneficiary (usually the descendants) and later assign the benefit for broader welfare purposes (Hassan, 1984). In practice, waqf mushtarak will take the legal conditions from the waqf khayri (general waqf) and Waqf Ahli (family waqf). In Malaysia, only the waqf khayri, pure religious waqf (termed as waqf khas) and cash/share waqf is available. The existence of waqf Ahli (waqf zurri, waqf al awlad) and waqf mushtarak is hardly traceable in Malaysia (Abdul Rahim, Mohamad Daud and Yusuf, 1999).

The waqf discussed above are the more traditional types of waqf. However, there are two more types of waqf which are relatively new. They are waqf istibdal and cash waqf. Waqf istibdal happens when there is an exchange of existing waqf assets with other assets (may be in another place) or due to certain reasons such as the waqf assets becoming unproductive or unprofitable (Yaacob et al., 2012). Cash Waqf is usually formed as a financing method to develop waqf property or to support and build an educational institution (schools or universities) or orphanage houses. The waqf will receive cash instead of property or land and will use it for the financing instead of relying on banks or financial institutions (Sadeq, 2002). In Malaysia, the cash waqf is also known as share waqf (waqf saham). The cash endowments are pooled and the money is used for pious purposes such as helping the poor and needy and as educational aids(Hisham, 2013).

### **3.1 Waqf Management Institution in Malaysia**

#### **i. Jabatan Wakaf, Zakat dan Haji (JAWHAR)**

In Malaysia, at the federal level, Jabatan Wakaf, Zakat dan Haji (JAWHAR) was established in 2004 with the main objective to empower and enhance the development

of socio-economic of Muslim societies in the context of zakat and waqf through close collaboration with the State Islamic Religious Council (SIRC). Among others, the functions of JAWHAR are to establish smart cooperation in waqf property development with third parties, to plan, implement and monitor waqf development programs, waqf projects and waqf property in Malaysia, establish standard procedures for financial management and certification for the use of the State Islamic Religious Council (SIRCs) and other functions including providing advisory services, conducting research, preparing report and submit certificates on waqf issues (Department of Awqaf, Zakat and Hajj, n.d.).

In the context of financial accounting and reporting, JAWHAR has introduced a handbook for accounting for waqf on January 1, 2009 to establish standardized procedures for waqf accounting among the State Islamic Religious Council as well as to enhance the transparency in preparing financial statements by SIRC. However, the current study on the reporting practices of waqf managers in Malaysia had revealed slight differences in reporting references adopted by most of SIRC in Malaysia namely SIRC manual (Terengganu and Johor), best practise of SIRC (PWS Selangor), MPERS (Pahang, Perak, Wilayah Persekutuan and Pulau Pinang), MFRS (Kelantan, Pahang, UME and Perlis), and best practise of JAWHAR (Kedah and Negeri Sembilan) (Talib et. al, 2018). Therefore, there is a need for a standardized waqf reporting among SIRC in Malaysia to ensure that JAWHAR could exercise their role in supervising the management and development of waqf properties effectively.

## ii. The State Islamic Religious Council (SIRC)

At the state level, the management of waqf property is subject to the power of state ruler (Sultan) who empowers State Islamic Religious Council (SIRC) (Majlis Agama Islam Negeri) to manage and develop the waqf properties for the social and economic development of Muslim societies as a whole as stated in the State Waqf Enactment and the State Islamic Affairs Administration Enactment (C. Mohd, 2015). Generally, SIRC is responsible for managing and ensuring that the ultimate objectives of the waqf providers are delivered to the right parties. In Kelantan, the development of waqf properties under the custody of Majlis Agama Islam dan Adat Istiadat Negeri Kelantan (MAIK) have been managed and administered by MAIK in collaboration with Baitulmal (Talib et. al, 2020). Thus, the information regarding the waqf fund and properties will be disclosed in the financial statement of MAIK.

In addition, based on an interview with one of the officers in the Waqf Department at MAIK in October 2020, it was notified that according to the MAIK enactment, waqf can be defined as property (land) endowed to a mosque. This land needs to be registered and gazetted as a waqf property. The management of waqf property is placed under the responsibility of the mosque administrator in Kelantan. However, MAIK does not conduct any monitoring on the management of waqf property except when receiving complaints. Apart from that, it was informed that MAIK also does not set any requirements for mosques to record and report on the management of waqf property operated by mosques in Kelantan.

### 3.2 The Importance of Mosques in Malaysia To Muslims

In the early history of Islamic civilization, the mosque served two objectives which have

now become the main focus of Islamic civilization. First, the mosque performs religious activities such as worship, prayer, dhikr, and i'tikaf, as well as social functions such as educational and instructional facilities and central government administration. Second, through the institution of Baitul Maal, which administers zakat, infaq, and donations to the poor, it serves a socioeconomic function.

Mosques in Malaysia play a role as a centre of transforming government Islamic related policies within the society. Mosques commonly organize Islamic events and activities to teach and reinforce Islamic ideals to members of the community ( Adil, Mohd-Sanusi, Jaafar, Khalid, & Aziz, 2013). Apart from continuously educating the *Muslims*, Islamic programs and *dakwah* activities are carried out in mosques to instill as well as to strengthen Islamic beliefs among community and society. Besides for religious and spiritual purposes, mosques play various functions such as providing education and welfare services to the community. Thus, for Muslims, the mosque plays a dual role as both a place of worship and a place for engaging in religious and social activities (Alwi, 2015).

In year 2022, there are 23,726 mosques in Malaysia as recorded by Jabatan Kemajuan Islam Malaysia (Jabatan Kemajuan Islam Malaysia (JAKIM), 2022) and from these numbers, 6,514 are mosques that are registered in the State Islamic Religious Council (SIRC). The administration of mosques registered with SIRC are under the jurisdiction of SIRC that are headed by the ruler i.e. the *Sultan* of each state (Hamdan, Mohd Ramli, Jalil & Haris, 2013). However, each mosque is given the right to form their own committee to manage the administration of the mosques and plan its activities. Among other functions conferred by the SIRC to the mosque is to manage and maintain charitable funds such as collections (*sadaqah*), endowment (*waqf*), cemeteries and specific properties with the permission of the Council (Muhammad, Razak, Hussin, Awang, & Saad, 2020; S. Sanusi & Shafiai, 2015; Adil et al., 2013). With the permission of SIRC, mosques committee members can make collection on cash waqf from the public for specific purposes such as buying land for a cemetery for Muslims and renovation of the mosques.

### 3.3 To Economic and Social Development

According to a study on the potential of mosques in economic growth of the ummah (Riwajanti, 2019), the functions of mosques are to become the centre of worship activities and civilization, which should include economic activity as well. The *Bazar wakaf rakyat* which was established inside the mosque (Hassan & Ab Rahman, 2018), contributes to the economic and spiritual development of the community and society in Kelantan when it encourages businesses trading among local communities. Economic development is aided by low rental prices, job opportunities and the types of goods sold are more relevant to the local community needs. Additionally, studies done by (Utama et. al, 2018; Efiyanti & Amin, 2021; and Siregar, 2021) established that the mosques' existence demonstrates and validates that religious organizations can contribute to social and economic progress. These studies have revealed that mosques can play a significant role in the economic development of Muslims society and its local community.

Mosques are particularly important in states like Kelantan since these religious institutions are located closer to the local public in which the need for assistance and support can be easily identified and provided. Chamhuri et al, (2016) found out that the majority of the households in each district of the state are poor and vulnerable to poverty. According to the National Statistics Department, Kelantan has the second highest poverty rate at 12.4 percent involving 42,671 households based on the 2019 Poverty Line Income (PLI) calculation methodology (Department of Statistics Malaysia, 2020). Furthermore, due to a lack of basic infrastructure, seven districts in Kelantan namely Tumpat, Gua Musang, Jeli, Kuala Krai, Tanah Merah, Pasir Mas and Pasir Putih have been categorized as among the country's 28 poorest (NSTP, 2019).

With the potential and permission from SIRC to collect and receive waqf properties such as land and buildings as well as waqf funds (cash waqf), more than 1,500 mosques in Kelantan (Jabatan Kemajuan Islam Malaysia (JAKIM, 2022) can be mobilised as an essential mechanism towards achieving socio-economic development. Mosques can then play a vital role towards reducing unemployment and poverty eradication, eventually contributing towards the socio-economic progress of Muslim communities (Astari & Puji, 2014, Riwayatanti, 2018).. Mosques can wisely utilise these Waqf properties and collections towards contributing to Muslim communities' socioeconomic advancement. Therefore, with the increasing amount of waqf provided to the mosques, it is critical for the mosques to be transparent in their transactions as an act of ibadah to God and accountable to the ummah.

### **3.4 As Waqf Manager**

The current practice in Kelantan shows that properties (normally land) which have been gazetted as waqf properties will be recorded in the financial statement of SIRC/MAIK but the properties will be managed by the mosque administrators. Therefore, the responsibility to manage waqf properties lies on the wisdom of the mosque's administrators. Mat Daud and Mubarak (2020) discovered that one of the waqf institutions in Malaysia managed to develop waqf properties to generate income for the benefits of societies as a whole through effective strategic planning by the waqf manager. However, throughout the literature search for this study, despite the important function of mosques to the Muslims communities, no study is found to discuss the role of mosques as a waqf manager in Malaysia.

### **3.5 Current Financial Accounting and Reporting of Waqf**

The previous exploratory study conducted by Abu Talib, Abdul Latiff, Aman & Palil (2018) identified accounting practices for waqf adopted by SIRC in eleven states in Malaysia. They found that SIRC had practiced different financial reporting practices related to waqf accounting due to different guidelines being used. Therefore, different recognitions and measurements are used for the valuation of *waqf* property assets as well as in the disclosure and presentation of financial reporting. This is supported by another study conducted by Daud (2018) who identified factors for the lack of waqf reporting of Malaysia's Islamic councils due to two main factors namely conflict of interest and bureaucracy. The waqf land cannot be disclosed in the SIRC's annual reports

transparently due to the bureaucracy's problem because they have to make arrangements with other authorities or departments such as the Land Office and extended time taken to gazette Waqf land due to the documentation procedures. Another factor that affected the transparency of waqf reporting was due to fear of public criticism on the management of waqf assets and lack of concern and prominence on the importance of proper management of waqf assets.

In addition, Kamaruddin, Masruki & Mohd Hanefah (2018) have conducted a case study to investigate in depth the current practice of waqf management of one of the waqf institutions in Malaysia. A focus group discussion was conducted with three waqf managers and four waqf experts in that particular waqf institution. The findings of the study revealed that the current waqf management of waqf institutions in Malaysia is at satisfactory level. However, the current reporting practices of waqf assets is limited to the value of the waqf fund and the activities related to the fund. Besides, the impact on waqf activities or programs is not disclosed in the report.

Moreover, Daud (2019) discussed the role of Islamic governance in order to ensure that the enforcement of financial reporting for waqf practices can be implemented accordingly. The responsibility of reporting waqf depends on the country where the waqf institution operates. In highly regulated countries such as Southeast Asia countries, financial accounting and reporting has become one of the mechanisms used by waqf management institutions in implementing their accountability to fund providers or stakeholders (Yaacob, Petra, Sumardi & Nahar, 2015). This is supported by Kamaruddin (2018) who has examined the current practice of waqf financial reporting at one of the waqf institutions in Malaysia in terms of waqf governance, financial and non-financial performance and socio economic impact. The study found that there were no specific reports that disclosed all the information regarding waqf governance and socio-economic impact of that particular Waqf Institution. However, the information on waqf governance can be found on the institution's website and documents available on the website. Furthermore, there were no specific reports on the waqf performance and socio-economic impact of each waqf scheme managed by Waqf Institution A. This information is very crucial for all the beneficiaries as it involves a significant amount of waqf funds.

Previous studies in other countries also revealed the weak accountability in the accounting and reporting of waqf assets in Banda Aceh, Indonesia (Ali, Fahlevi & Saputra, 2019). No proper documentation and standard of procedures were evident in the recording process of waqf assets. The waqf manager used simple forms to record the information regarding waqf assets (land) and prepare a report to the Ministry of Religion based on the information gathered. The last report was made in 2015. On the other hand, Ihsan & Mohamed Ibrahim (2011) has conducted a case study to investigate the accounting and management practices of two waqf institutions namely ABC and XYZ in Indonesia in the context of mutawallis' accountability. Qualitative approaches such as interview, document review and direct observation were used to collect data for this study. The findings revealed that the presence of Islamically committed professionals as managers in the Institution ABC could manage the waqf institution more efficiently with greater transparency than the institution XYZ. This is because Institution ABC had disseminated the reporting widely through annual reports, newsletters, web sites, newspapers and magazines whereas Institution XYZ did not disseminate the report to

the public. However, Institution XYZ has a better accounting information system due to the presence of better qualified personnel academically as managers.

Furthermore, Che Azmi & Hanifa (2015) has conducted a study to examine whether the current reporting practices of waqf institutions conform to shariah principles. The study has adopted a case study method by examining the annual reports of both waqf management institutions, one in Malaysia (Majlis Agama Islam Selangor) and another one in Singapore (Majlis Ugama Islam Singapura). The findings revealed that both waqf management institutions have adopted different financial accounting and reporting practices. Besides, the study also found that Majlis Ugama Islam Singapura did not comply with one of the Sharia requirements which is SS 33 regarding listing depreciation expenses before distribution to beneficiaries.

Therefore, from discussion of previous studies, we can conclude that the issues highlighted for current practice of waqf reporting are lack of standardization with no proper disclosures and documentations, lack of expertise in economic and financed employed by waqf managers like mosques because mosques need to follow the rules and regulations issued by the SIRC's law and enactment. Each state in Malaysia has their own state law with regard to waqf management and recording. Thus, we explore the current accounting and reporting practices of waqf properties among mosques in Kelantan and the cause of those occurrences in order to recommend the ideal practices for the management of waqf properties.

#### **4.0 Research Methodology**

To achieve the aim of this study, which is to shed light for a better understanding of the problems related to the current practices of waqf accounting and reporting among mosques in Malaysia, a qualitative research design is adopted. In order to obtain a clearer picture of the problem at hand, a qualitative primary data is collected by using in depth interviews. In identifying the participants for the interviews, a purposive sampling is applied. To identify the mosques that have experiences in managing waqf properties, a survey was distributed to 100 mosques' administrators that have attended and completed the Financial Management for Mosques Workshop organised by Universiti Teknologi MARA (UiTM) Kelantan and MAIK in 2019. UiTM Kelantan and MAIK have conducted 3 series of these workshops that involved mosque administrators in Kota Bharu and Machang district in Kelantan. Nine (9) mosques notified that they are responsible for the administration of waqf properties either land, building or cash. All nine (9) mosques were contacted in early 2020 and all of them agreed to be interviewed. However, because of the Movement Control Order (MCO) due to pandemic Covid-19, only two (2) mosques administrators managed to be interviewed in 2020 for this exploratory study. Mosque A is located in Kota Bharu district and Mosque B is located in Machang district. A committee member (secretary) of Mosque A and Head of mosque administrators (*Imam Tua*) of Mosque B were interviewed. The interview sessions took place at their mosques and the interviews were recorded with permission to ensure the sessions conducted smoothly without disruption of note taking and important information were not missed out. Even though only two (2) mosques administrators managed to be interviewed, both mosques have notified in the earlier survey their involvement in managing waqf properties namely land, building and vehicle as well as cash waqf.

## 5.0 Findings

Participant A has been appointed as Secretary of Mosque\_A for more than 20 years. Previously the management of the Mosque A was led by his grandfather and then passed to his father. At the time of the interview he was just temporarily taking over the management of Mosque A for about six months while waiting for the replacement to be appointed. He mentioned that when he took over, no proper records and information with regards to waqf properties was handed over to him since the previous manager, who is also his father, preferred to manage everything on his own.

*“for waqf vehicles received, I only record road tax and insurance payments and apart from that, there is no more information recorded regarding the waqf vehicle”. (Participant A)*

However, it came to his and the local community's attention of the existence of waqf land being provided for Muslims cemetery and Mosque A has been responsible for it since early days. Severe issues with regards to waqf land is when the previous waqf manager failed to register waqf land accordingly with SIRC. Due to this failure the ownership of the waqf land was not transferred properly resulting in the younger generation that inherited the land came back to claim ownership of the land. To prevent such an issue occurring to his mosque, he ensured that the ownership of the waqf land was registered with the SIRC accordingly. Once the waqf land is registered, then the record keeping of the land is no longer put under the mosque responsibility.

*“We received land properties and being used as Muslim Cemetery. I only maintained the record with regards to the land location and size but not the extend of the value of that properties. That one being managed by MAIK”. (Participant A)*

Mosque\_A had made an invitation for those who are interested to contribute cash to enable the mosque's committee to acquire a land valued at RM70,000 that later are registered as waqf land. The amount of this cash waqf was contributed directly to Mosque\_A bank account and the contributors are suggested to send proof of transfer either in form of bank-in slip or online transfers receipts as evidence. However, some contributors did not provide any evidence of transfers, therefore cash waqf is directly recorded in the bank statement and those records are monitored by the treasurer of Mosque\_A. Participant\_A mentioned that the treasurer then reported the amounts of cash waqf funds available from time to time in the Whatsapp group of the mosque's committee members. Once the mosque managed to collect the targeted amount then the collection for that particular purpose was stopped.

*“...we do not have proper record for cash waqf. If we have project, then we will announce the amount needed to the potential donors. If the money is received from donors, the update will be made through Whatsapp group to the mosques committee members until the targeted amount is achieved.” (Participant A)*

Mosque\_B also applies similar practice for waqf properties (land) in which no record is maintained by the mosque itself. Instead, any relevant records are maintained by SIRC.

Participant B who previously worked in SIRC mentioned that the accounting record keeping among mosques mostly depends on the knowledge and competency of its committee members. Some mosques manage to keep proper accounting while others are still in the learning process. Participant B is aware of how the waqf should be recorded.

However, no waqf assets were available at the point of the interview that required such records. Mosque B had also invited the public to contribute cash for the construction of extension of its mosque but the cash collected are not notified as cash waqf but were considered as cash contributions or *sadaqah*.

Both Mosque\_A and Mosque\_B have one vehicle each which was contributed by donors and the information recorded with respect to the vehicles are for roadtax and insurance renewal purposes only. No accounting records such as record of depreciation or impairment were maintained for the motor vehicles. Those vehicles are used until it's finally broken down and can no longer be usable.

*“For vehicles received as a waqf, we only pay for road tax and insurance and used those vehicles until disposed, no accounting record prepared by mosque”. (Participant B)*

## **6.0 Discussion**

Limited to the interviews with only these two mosques, it can be concluded that accounting records on waqf land by the mosques themselves seem to be unnecessary because the management and records are maintained by the SIRC. However, the committee's members must ensure that the land that are considered as waqf are registered accordingly to avoid unnecessary issues such as losing the ownership due to inheritance. Furthermore, the mosques should at least keep an asset register for those waqf land enough to notify the upcoming committee members on the location as well as the size of the stated land.

It was also identified that knowledge and competency of the mosque's committee members can contribute to the possibility of proper accounting and reporting practices being made. It was evidenced when similar cash collections made by both mosques were treated differently. Mosque A notified it as cash waqf while Mosque\_B considered it as merely *sadaqah* based on the Participant B Islamic judgement. Furthermore, it was notified that Mosque\_A's treasurer did report its cash waqf amount to the other members and its local community during prayers time however it was done informally and also verbally. The element of accountability existed but being practiced in their owned understanding and suitability without following any reporting procedures and standards. As such, elements of control such as auditing of the financial accounting and reporting cannot be implemented.

## **7.0 Conclusion**

This paper has been aimed to explore the waqf accounting and reporting practices among mosques in Kelantan. It notifies that there are no accounting records were

maintained among mosques in Kelantan on the waqf properties especially land because the management and records are maintained by the SIRC; Majlis Agama Islam Kelantan. Other than land, the mosques also managed other waqf assets such vehicles but the record of the related assets are still lacking. Besides, there is a lack of knowledge and financial expertise among mosques committee members to record and manage waqf properties because preparing the waqf recording is not compulsory to them and mosques are not required to prepare and submit any waqf reports to SIRC. Mosques, on the other hand, have a responsibility as waqf managers to demonstrate their accountability by maintaining accurate accounting records for waqf properties in order to increase public trust and promote greater donations to mosques. SIRC should be in charge of drafting particular recommendations for mosques on how to account for and report on waqf properties. This will ensure that waqf accounting and reporting practices at mosques are transparent, accountable, and harmonised for the benefit of the whole ummah. The conclusions of this study are limited to only two mosques in Malaysia. Future research involving all mosques may be able to show that the findings are generalizable.

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