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A PRELIMINARY STUDY ON FINANCIAL MANAGEMENT PRACTICES AMONG KUALA NERUS MOSQUES

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ABSTRACT

Each religion has its own institution and ways of dealing with all the religious-related matters in the community. For the Muslim community, the mosque, or known as "*Masjid*" in Arabic, is a place of worship for performing prayers and other religious-related activities. In conducting those activities, mosques usually receive funding from public donations, fundraising, "*waqaf*", the government and many more. Managing a mosque fund is crucial in order to build trust among the public, and simultaneously safeguard the mosque's financial resources. Therefore, it is important for each mosque to adopt good financial management practices in managing funds effectively. The data for this study was collected through a questionnaire distributed to 23 respondents from 14 mosques in the district of Kuala Nerus, Terengganu, to explore their financial management practices. The descriptive analysis surprisingly shows that 79% of the mosques still use a manual system in managing their funds instead of a computerized accounting system. It is timely to develop a customized accounting system to cater the needs of mosques' management to set up a systematic and efficient fund management.

Keywords: Financial management practice, mosque, religious institution, fund management

INTRODUCTION

Funds generated from mosques are commonly not uniform in nature and purpose as any other institutions or organizations. Traditionally, mosques obtain funds from sources such as "*sadaqah*" (general donation), "*zakat*" (mandatory religious alms), "*waqaf*" (endowment), and "*wasīyyah*" (bequest) to run any activities of the mosque. In modern times, those countries which are predominately Muslim, or governed by Muslim leaders, for instance Saudi Arabia, UAE, Qatar,

Bahrain, Oman, and other Muslim countries including Malaysia (Luqman, 2016) funds are commonly obtained from government allocation.

In Malaysia, funds are obtained from many sources either from individuals, organizations or governments to assist mosques in carrying out activities to benefit the community. It should be noted that the funds of the mosques are not only in financial forms, but also includes endowment received in the forms of landed and building property. In fact, some of these mosques have different donation boxes to differentiate the various functions and uses, for instance, Friday collection box, Muslimah donation box, development fund box, welfare fund box, and Islamic education fund box (Sarif, Zakariyah & Noor, 2018). Therefore, it is important to examine how the funds are managed by these mosques. Do they have a good system in managing the funds? It is important to ensure that all the public donations are managed properly to portray the accountability duties of the mosque management (Sarwan, Pratiwi, & Alfian, 2020; Zain, Samad, Samsudin and Armia, 2020).

The State Islamic Council (*Majlis Agama Islam Negeri*) or the State Islamic Religious Department (*Jabatan Agama Islam Negeri*) are responsible in managing and administrating any matters relating to the mosques. However, financial management matters such as the inflows or outflows of cash for each mosque are administered by the appointed mosque's committee members which are commonly from different backgrounds (Yasoa et al., 2019). With different educational backgrounds, especially the committee members who do not have formal accounting background and unfamiliar with accounting terms face some difficulties in managing the accounting and financial matters, and struggle to demonstrate their accountability through accounting records. Therefore, they have to learn the accounting software from the supplier and attend various accounting courses conducted by the State Islamic Religious Department (Zain et al., 2020). As a religious institution, it is vital to have an efficient system in order to ensure that the funds are managed in a wise and proper way as entrusted by the public. Thus, it is important for the mosques to manage the funds in accordance with the *Shariah* principles and values which emphasize high ethical values such as responsibility, accountability, transparency, fairness and justice (Md Zain & Shafii, 2018). As a result, it becomes an attraction to the researchers to ascertain how the religious institutions, such as mosques and other religious institutions in managing their funds.

Past studies highlighted that some of the institutions are able to manage their funds in a good way while others fail to do so (see for example Zain et al, 2020; Yasoa et al., 2019; Sulaiman, Siraj & Ibrahim, 2014; Masrek et al., 2014). If they are not able to control and manage the fund, it might not benefit the community as intended by the donors. According to a study by Mohamed et al. (2014), some of the mosque's committee members prefer to keep the mosque funds rather than spending them as it should. This scenario seems to be a trend that there are mosques with funds reaching hundreds of thousands *ringgit*, but there are no activities organized for the local community except lectures of religious studies. Similarly, several mosques failed to have a compulsory meeting including the annual general meeting, which could lead to the failure in presenting the financial report of the mosque. Besides, most of the committee members who are appointed as trustees lack the basic knowledge in managing the mosque funds thus leading to incomplete or improper management of financial records and finally end up in the loss of mosque funds.

Hence, the State Islamic Religious Department (*Jabatan Agama Islam Negeri*) has been urged to be more responsible to ensure that all mosques manage their fund well (Islamiyah, 2019; Sarif et al., 2018; Zain et al., 2020). More importantly, actions must be taken to those who deviate and misuse the funds of the mosque. In ensuring that the financial management aspects of the mosques can be managed efficiently and systematically, basic knowledge in financial management is crucial, thus enabling them to serve the local community in a better way in accordance with the role of the mosque itself. Due to these reasons, the study is intended to identify the financial management practices in mosques particularly on fund management and internal control practices. Thus, it is important to look into how the funds raised is used to run the planned activities of the mosques.

THE GENERAL FUNCTIONS OF MOSQUE

Mosque is a worship place of Muslims with a specific role for the advancement of Muslim civilization as mentioned in the Holy Quran:

“The mosques of Allah should only be maintained by those who believe in Allah.”

(Surah At -Taubah, Verse 18)

History has proven that mosques have played an important role for centuries since the time of the Prophet Muhammad (PBUH). Looking back, we can see that the Prophet Muhammad (PBUH) has not only made the Nabawi Mosque as the centre of worship, but also as a governmental and an administrative centre of the Islamic State of Medina. The Nabawi Mosque is at the heart of the Islamic movement, a catalyst for community activity, as well as a place to demand rights and justice. The mosque also has functions as the centre of goodwill, a knowledge centre as well as a centre for the relationship between God and man among men and to develop a strong brotherhood relationship amongst Muslims at all times.

Furthermore, as being mentioned in our Holy Quran in Surah *At- Taubah* verse 17—19, all Muslims are responsible to maintain the *Masjid* of Allah while openly profess disbelief. Rasulullah and *sahabah* (*companion*???) had actively disseminated the Islamic way of life via *masjid*, the *Masjid* later on has been developed to become an institute to acquire knowledge during the 4th - 5th *Hijri* Century (10-11M century).

At the early development of the Muslim community, mosques served as a central point for Muslim congregational meetings and a house that binds the souls of Muslims (Luqman, 2016). Today, mosques have expanded their role to serve various functions besides religious and spiritual purposes, such as providing education (as a place where children go to learn on how to recite Al Quran and learn how to pray) and welfare services to the community. Mosques nowadays are better known as not only the house for enhancing Muslim spirituality, but at the same time, it serves as a house to disseminate knowledge, to some extent, would be delivering verdicts, and settling disputes among Muslims and the promoting brotherhoods among the community (Adil, Mohamed Azam et al., 2013). Therefore, the leader of the mosque must play his part for ensuring that the role of the mosque is fully utilized, thus, benefiting the mosque itself (Alade, Md.Hussin & Aziz, 2016).

Aminuddin (2008) stated that the mosque during the time of the Prophet Muhammad (PBUH), has functions as listed below:

- (a) a place to perform prayers;
- (b) a place of deliberation (such as a parliament building);
- (c) a place for public complaints in demanding justice; and
- (d) indirectly it is a meeting place for entrepreneurs and commencement of business operations.

Aminuddin added further, to be more strategic, the mosque served as a community development centre, where the community meets daily and hears instructions from the Prophet Muhammad (PBUH) in various aspects of life such as religious principles, new system of society, as well as new verses of the Qur'an being revealed, as well as interaction between thoughts and human characters. Similarly, the call to prayer five times a day serves as a very effective way in bringing people together to build the spirit of togetherness or congregation.

The mosque also has a primary function as a place to gather together for performing prayer (*jama'ah* prayer). It is a place that unite Muslims through worship in their daily life. At the same time, the mosque has been known as the most frequent place to go in their daily and weekly life. Besides home and the workplace, Muslims regularly visit the mosque for their daily *jama'ah* prayer for at least one to five times a day or at least once a week for Friday Prayer. It is also known that mosque functions as a charity distribution centre (Hairunizam W., Radiah A.K., and Sanep A., 2011). Money (such as the

spoils of war) that came to the Prophet of Muhammad (PBUH) was distributed to the needy in the mosque.

Moreover, the mosque also serves as a shelter for the homeless. As mentioned by Zakariyya (2010), many Muslims who had previously migrated with the Prophet Muhammad (PBUH) were single, homeless, and poor, and therefore, they lodged in the mosque. In addition, the mosque also became as place for making decisions related to political, judicial, and social affairs. Today, mosques have been abbreviated, and become as worship place and only for certain occasional educational activities. Indeed, on more than one occasion of the following *hadis* (tradition) of the Prophet Muhammad (PBUH), which was apparently recorded in the authoritative collections of Bukhari (d. 870) and Muslim ibn al-Hajjaj (d. 875) were quoted: "If you make a mosque for Allah in this life you will be given a palace in paradise".

FINANCIAL MANAGEMENT PRACTICES IN MALAYSIAN MOSQUE

Said *et. al.* (2013) and Mohamed *et. al.* (2014) asserted that financial management plays a vital role to support the mosque to function effectively via strengthening the efficiency of the mosque internal control system. It is a basic practice for the financial sustainability of business organizations. From the context of mosque management, the main financial activities to be managed are funds received and the distribution of those funds to serve the interest of community and society at large. Traditionally, mosques receive t funds from public donation, *wakaf* (endowment), government and from corporate bodies. The funds are then utilized to pay for administrative cost such as utilities and various activities such as religious talk, knowledge sharing, and seminar for the benefits of the society. Both activities are challenges to the mosque management in order to perform the trust of managing the mosques fund on behalf of donors as well as to fulfil the mandate of Allah. In Malaysia, practices of financial management in mosques requires further improvement in terms of guidance and training in financial and accounting processes as well as enhancement of the quality of the mosque management team (Zakariyah, 2016; Said *et. al.*, 2013; Adil *et. al.*, 2013).

Most studies on practices of financial management used the qualitative approach specifically the phenomenology approach as it provides a deeper understanding of financial management practices implemented by the mosques (Asdar *et. al.*, 2014; Syahawaluna and Maharani, 2017; Utama *et. al.*, 2018; Muchlis *et. al.*, 2019). Through this approach, data was collected through interview sessions, observations, and documentations. There are various financial management practices found in these studies. For instances, Asdar *et. al.*, (2014) interviewed the management team of *Abu Dhar Al-Ghifary* mosque in order to understand the concept of accountability in financial management practices in mosques. They revealed that accountability is manifested by a sense of spiritual calling which is fulfilling the mandate that has been granted for the sake of Allah from the vertical relationship perspective between human beings and Allah and perform the trust among human beings from the horizontal relationship view. The study had also determined that accountability as the reflection of the mosques' management integrity that is shown through a high commitment to the community. It was concluded that the mosques' management who have a high sense of spirituality are expected to be more responsible in managing mosque funds and have higher tendencies to comply with the *Maqasid al-Shariah*.

Syahawaluna and Maharani (2017) assert that leader's values, especially sincerity, trustworthy, and *tawakkal* are significant to ensure that the board manages the funds more efficiently. The study suggested that this category of leader can make the accounting process appeared to be a good and efficient tool for the internal control of the mosques. Utama *et. al.* (2018) found that the Ummul Mu'minin mosque funds are managed properly. The fund management activities conducted by the Ummul Mu'minin mosque were collecting and distributing funds. One of the important activities conducted by this mosque is distributing the collected funds to the needy by providing a non-interest soft loan as capital for their productive activities. The study suggested that mosques can function as a fund provider to the poor with a good loan (*qardhul hasan*) or a loan without interest charges.

A study by Muchlis *et. al.* (2019) examined the application of accountability and transparency by Istiqomah Sugihwaras Mosque based on the principles of trust and *fathanah* (intelligent). The study revealed that the implementation of accountability and financial transparency by Istiqomah Sugihwaras Mosque was sound. The mosque managed the Friday and monthly donations well and announced the related amount every Friday. However, Istiqomah Mosque does not apply the principle of *fathanah* (intelligent). It is suggested that the mosque management needs training or guidance in the financial management activities. It is also proposed to use other media as the announcement medium such as notice boards to communicate the activities as well as the performances of the mosque.

Basri *et. al.* (2016) conducted a study focusing on the concept of accountability in the Islamic religious organizations. He interviewed two *ulamas* (mufti), twelve Muslim scholars, two relevant government officers, and two organisational donors, both in Indonesia and Malaysia. The study found that Muslim scholars agreed that accounting and accountability activities are consistent with the Islamic teachings. The results also revealed that accountability is an important mechanism for the Islamic religious organizations and suggested that financial reporting should be practiced properly in order to enhance the accountability of those organizations.

Practically, a key element of financial management that requires attention of the mosque management is a good internal control system. For instance, Mohamed *et. al.* (2014) suggested that the *Jameq* Mosques management should focus on having a proper procedure of an internal control system for the receipt and disbursement of funds which include segregation of duties, physical custody, recording of transactions, and authorization. Another important element was to prepare a proper format for financial reporting of mosque as suggested by Kamaruddin and Ramli (2015). It was stressed that it is important for financial disclosure in determining the financial accountability of Islamic philanthropic organizations. A framework of financial disclosure for Islamic philanthropic organizations must be developed as it is a significant tool to demonstrate accountability.

Effects of Good Practices of Financial Management to the Performance of Mosque Management

Good practices of financial management are the crucial dimensions to achieve an effective and efficient mosque management (Said *et. al.*, 2013; Kamaruddin and Ramli, 2015). It can be easily achieved if its internal control system is good. There are some practices of internal control system and financial management implemented by the mosque management such as segregation of duties, physical custody, recording of transactions, and authorization (Sulaiman *et. al.*, 2008; Mohamed *et. al.*, 2014; Masrek *et. al.*, 2014), documentation of records (Kamaruddin and Ramli, 2017), preparing a proper and accurate of accounting records for mosque activities (Sulaiman *et. al.*, 2008; Mohd Sanusi *et. al.*, 2015) and presenting the financial reports to the community (Kamaruddin and Ramli, 2015), as well as good implementation of accountability and financial transparency (Syahawaluna and Maharani, 2017).

Mosques with good financial management commonly efficient in managing their financial affairs. Previous studies (Zakariyah *et. al.*, 2017; Zakariyah, 2016; Shaharuddin and Sulaiman, 2015) showed that good financial management would able to increase the economics development of the mosques (Zakariyah *et. al.*, 2017), quality of financial reporting (Shaharuddin and Sulaiman, 2015), and the productivity and performance of the mosque (Zakariyah, 2016). However, studies that showed a good financial management practice in mosques are very limited (Sulaiman *et. al.*, 2008; Utama *et. al.*, 2018). For example, a study by Sulaiman *et. al.* (2008) indicated that the West Malaysia's state mosques have an effective internal control system especially related to receiving income and spending funds. Several basic control activities are well practiced by these mosques such as segregation of duties, authorization of particular activities, and recording of financial transactions. Another study by Utama *et. al.*, (2018) revealed that the collection and distribution of mosque funds are properly managed. The mosque distributed the collected funds to the needy by providing non-interest soft loan as capital for their productive activities.

Most religious institutions including mosques do not have a proper procedure of a good financial management practice such as ineffective implementation in segregation of duties element (Masrek *et. al.*, 2014), inefficient budgetary control (Shaharuddin and Sulaiman, 2015), improper recordings of mosque transactions (Adil *et. al.*, 2013; Mohd Sanusi *et. al.*, 2015), lower amount of savings of mosque funds in bank (Zakariyah *et. al.*, 2017), inadequate physical control over assets and records (Kamaruddin and Ramli, 2017), lack of internal audit processes for independent checks on performance (Kamaruddin and Ramli, 2017) as well as lack of accounting system and systematic management of *waqaf* assets (Abu Talib *et. al.*, 2018).

Kamaruddin and Ramli (2017) conduct a study on the existing internal control practices in three Islamic non-profit institutions. The study found these institutions perform several internal control practices such as segregation of duties, authorization of transactions and documentation of records. However, the study also discovers inadequate physical control over assets and records, such as installations of alarm and closed-circuit television (CCTV) camera, hiring a guard over premises and also a barrier to financial documentations and room. In fact, some institutions did not practice internal audit processes for independent checks on performance. Therefore, it was suggested that the institutions should enhance the efficiency of internal control systems in order to overcome the problems such as lack of financial staff, low equipped physical control tools and frequency of internal auditors for operation and financial review.

Mohd Sanusi *et. al.* (2015) conducted a comprehensive study to examine the effectiveness of internal control systems, financial managements and accountability practices in 250 mosques in Malaysia. The study suggested that the effectiveness of mosque funds management can be improved by having a proper accounting records and statement for mosques activities to enhance the chairman and treasurer accountability. Masrek *et. al.* (2014) investigated the basic internal financial controls practices by mosques in the central region of Malaysia which covers the state of Selangor and Wilayah Persekutuan Kuala Lumpur. The study focused on current practices of basic financial controls, namely, receipt of income and disbursing of funds of these mosques which are located in the developed areas and have a lot of funding. The results showed that internal controls practices of regarding the receipt of income and funds disbursement are inefficient and needs improvement particularly for the segregation of duty elements. However, other practices such as physical custody, recording of transactions, and authorization are quite good.

A study by Zakariyah (2016) examined whether funds management of *Tabung Masjid* (mosque fund) in Terengganu met the requirements of *Maqasid al-Shariah*. The study found that the funds were not managed in effective way. Due to uniformity of the fund management, the objectives of the fund in empowering and alleviating poverty of Muslims were not met. Therefore, Said *et. al.* (2013) stated that in order to ensure that the welfare of society would be taken care, each mosque should have a good internal control system in managing the funds which may reflect the financial performance of the mosques.

Zakariyah *et. al.* (2017) studied the investment strategies of 287 mosques in 9 states of Malaysia in benefiting Muslim society. By doing investments, the amount of funds might be increased. From the study, they found that the mosques implemented a wide varieties of investment strategies and amount of donations. The results showed that most of the mosques prefer to invest their funds in different platforms or banks depending on the availability of the banks in their place but not for the mosque in the southern states. The mosques in the southern states prefer to spend the funds on the maintenance of the mosques rather than investing them. The study also revealed a negative relationship between savings in the bank and the intention towards general and capital investments. However, investments of the funds have a causal relationship with economics development of the Muslim society.

In the financial reporting context, Shaharuddin and Sulaiman (2015) found that *qaryah* (sub-district) mosques in Kuala Terengganu have a good financial reporting practices but less effective in

practicing budgetary control. The study suggests that financial management practices in *qaryah* (sub-district) mosques needed to be improved in order to enhance the efficiency of the mosques' funds management. Another study by Adil *et. al.* (2013) also proposed that a proper and accurate recording of financial transactions and the accountability of chairman and treasurer were important factors to be improved in order to increase the productivity and performance of mosques.

From the perspective of *waqaf* assets, a study by Abu Talib *et. al.* (2018) which examined the accounting practices in eleven (11) states found that there were lack of accounting systems and systematic managements of *waqaf* assets. The study also found a variation of accounting and reporting practices in these *waqaf* institutions which are headed by the respective ruler (Sultan) as the ultimate authority in Islam and the fatwa councils' decision for each state

Good practices of financial management are expected to increase the efficiency of mosques' fund management (Sulaiman *et. al.*, 2008; Utama *et. al.*, 2018). However, most previous studies (Adil *et. al.*, 2013; Masrek *et. al.*, 2014; Shaharuddin and Sulaiman, 2015; Mohd Sanusi *et. al.*, 2015; Zakariyah *et. al.*, 2017; Kamaruddin and Ramli, 2017; Abu Talib *et. al.*, 2018) revealed that most of the mosques do not implement the segregation of duties, do not practice budgetary control, do not have proper recoding process of mosque transactions, do not save more of mosque funds in banks, do not have adequate physical control over assets and records, do not practice internal audit processes for independent checks on performance and do not have proper accounting system and *waqaf* management system. Therefore, the practices of financial management in Malaysian mosques should be improved to enhance and sustain the quality of mosque management. In fact, integrity and accountability is the most important self-internal control that must be uphold by all Muslims, especially when it is related to fund management in mosques.

METHODOLOGY

The respondents of the study were mosque officers involved in administering the mosques' funds. As the study focused on financial management practices in mosques, the selection of the respondents for the study was restricted to 'funds officer' directly involved in internal control of financial management and decision making related to the funds. Skinner (1993) highlights the importance of selecting the appropriate respondents in research because inappropriate respondents could be a source of inaccurate responses. Based on this argument, the mosque officers in charge of funds management were considered to be the most suitable respondents for the study.

A questionnaire-based survey was distributed to 23 respondents from 14 mosques in the district of Kuala Nerus, Terengganu, Malaysia. The 23 respondents' questionnaires were distributed to the respondents after a financial management workshop held at Universiti Malaysia Terengganu. During the data collection process, the respondents were given the opportunity to ask questions on certain questions to gain further clarifications from the researchers regarding the financial management practices of their mosques. And therefore, the "readability" of the questions may not be an issue, as the researchers were available to provide further clarification to the respondents' questions.

The questionnaire consisted of three parts. Part 1 focused on demographic information, such as the name of the mosque, age of respondents, the position of the officer in the mosque, the availability of the financial controller, and the appointment of financial controller by the committee members. Part 2 consisted of 13 items focusing on financial management information – on how the mosques generate income to manage expenses, and whether they use the computer-based accounting system to manage the funds. In this part, two measurement scales were used, nominal scales (Yes or No) and five-point Likert-type scales ranging from 'strongly disagree' to 'strongly agree'. In addition, Part 3 sought to obtain information on the internal control systems in the mosques, which focused on the receipt and payment of funds, physical custody of the funds, segregation of duties, and recording of transactions. For all the questions (19 items), respondents were requested to respond either "Yes" or "No" in the boxes provided.

RESULTS AND DISCUSSION

This study performed a descriptive analysis using IBM SPSS Statistics 25 to analyse the data. The results of the descriptive analysis are summarised in Table 1 below:

Table 1:

Summary of Demographic Information

Item	Frequency
Category of mosque	State – 21.7% Government – 13% District – 13% Territory – 52.2%
Age of respondents	<30 years old – 4.35% 51 - 50 years old – 26.1% 51 - 60 years old – 17.35% >61 years old – 52.2%
Current job	Government – 21.7% Private – 21.7% Retired – 34.8% Self-employed – 21.7%
Position (mosque committee)	Chairman – 30.4% Secretary – 30.4% Treasurer – 26.1% Other – 13%

In the demographic information (Part 1), a question related to the respondents' knowledge on the categories of funds was also asked. Commonly, mosque funds can be categorised as general and specific funds, where general funds can be used for any kinds of activities but specific funds can be used for certain activities only. Therefore, in managing funds, the responsible persons should know and have knowledge on how to manage the funds according to their purposes. The study found that 87% of the respondents understood the term general funds while the remaining 13% did not. For the specific funds, only 69.6% understood what the fund was. Thus, the findings revealed that 78.3% of the respondents were able to differentiate between these two funds.

Relating to all affairs of fund management (Part 2), the respondents agreed that their mosque funds were managed by treasurers (69.6%), the committee members (8.7%) and both (21.7%). They also appointed two account-checkers who commonly do inspections on the mosque's account books at least once for every three months and provide full reports to the mosque and state religious council. Table 2 shows the findings of other items in Part 2.

Table 2:

Financial affairs of mosques

Items	Frequency
Type of funds	Friday box – 100% Orphanage box – 8.7% Specific activity box – 43.5%

	Humanity box – 21.7%
Source of funds	Friday prayer contribution - 95.7% Donation - 56.5% Mobile box - 43.5% Permanent box - 82.6% Rental - 34.8% Government's contribution - 69.6% Personal / corporate - 47.8%
Type of payments	Honorarium (lecture) - 100% Committees' allowances - 56.5% Utilities - 91.3% Maintenance - 91.3% Banquets - 91.3% Donations - 65.2%
Assets	Saving accounts – 82.6% Vehicle – 17.4%
Disclosure of financial information	Yes – 87% No – 13%
Frequency of disclosure	Weekly Basis - 65.2% Monthly - 21.7% Yearly - 13%
Medium of disclosure	Whiteboard - 56.5% Announcement (Prayer Time) - 13% Social Media - 4.3%
Financial planning	Yes – 82.6% No – 17.4%
Activity implemented according to the budget	Yes – 95.7% No – 4.3%
Constraints in running activities	Lack of community's support - 21.7% Financial - 30.4% Both - 8.7%

Table 2 shows that these mosques received funds from many sources to run their activities, pay for any obligations or expenses. Other than that, they also received in-kind sponsorship such as fans, air conditioner, furniture and etc. The disbursement of payments or expenses depend on how often they organized the activities. For instance, religious lectures were organized 1 to 2 times (4.3%), 3 to 5 times (43.5%) and more than 5 times (52.2%) in a week.

Table 3:

Summary of responses by respondents

No.	Statements	Strongly agree	Agree	Disagree	Strongly disagree
1.	This institution does not have any financial constraint in managing daily activities.	43.5%	43.5%	8.7%	4.3%
2.	This institution receives good contribution from the community.	34.8%	47.8%	17.4%	None
3.	This institution does not have to generate income its own income to cover some expenses.	43.5%	13%	43.5%	None

Table 3 shows that in the statement 1 and 2, if the mosques received good contributions from the community, they would not have any financial difficulties in running their planned activities. If they did not get sufficient contributions from the community, they would not be able to do any activities as planned. In addition, since most of the mosques received good contribution, they did not have to generate income on their own.

Table 4 present the findings on the existing financial management system practiced by the mosques, including receipts of funds or disbursements of funds including physical custody of the assets.

Table 4:

Current practices of financial management and internal control by mosques

CASH RECEIPTS / COLLECTION		Responses (%)	
		Yes	No
1.	This institution uses cash book to record all the receipts.	95.7	4.3
2.	This institution has periodic inspection on their accounts for maintaining its records.	100.0	0
3.	All the cash receipts are verified with the copy of bank slip.	82.6	17.4
4.	All the fund boxes are locked.	100.0	0
5.	All the fund boxes are opened consistently.	91.3	8.7
6.	All the receipts will not be used before depositing into bank accounts.	60.9	39.1
7.	All the cash received will be kept at the safe place if cannot be deposited on the same day.	95.7	4.3
8.	The authorised person only is allowed to open the fund boxes.	95.7	4.3
9.	More than one person will be attending when the fund boxes are opened.	69.6	30.4
10.	The collection has been counted immediately after opening the boxes.	91.3	8.7
11.	All the receipts have been deposited into the bank on the same day the boxes are opened.	82.6	17.4
12.	All the receipts have been counted by the different person who are not doing the record keeping.	60.9	39.1
CASH DISBURSEMENTS / PAYMENTS			
13.	All the payments must be supported by the invoice.	73.9	26.1
14.	All payments are recorded according to type of expense.	100.0	0
15.	Different person is going to authorise different amount of payments / spending.	91.3	8.7
16.	All the payments are made by cheques.	91.3	8.7

17.	All the payments are made by cash.	65.2	34.8
18.	The different person will sign cheques and do the payments.	95.7	4.3
19.	The cheque book is kept in the locked and safe place.	60.9	39.1

Based on the responses in Table 4, most of the mosques were able to manage their funds very well except for a few mosques. In general, to manage their funds or cash, they have to record all receipts and payments transactions as well as getting authorisations from the authorised persons. They also maintain their accounting records by performing periodic inspections.

However, there were a few criteria that should be improved in order to have a sound financial management system such as depositing the funds into bank accounts before making any spending, increasing the number of people when the fund boxes are opened. Others include segregation of duties involving different tasks, not using cash to pay all expenses and keeping important documents such as cheque books in a locked and safe place.

CONCLUSION AND RECOMMENDATIONS

The study showed that some of the mosques have already practiced several basic control activities but still require some improvements such as all of the receipts should be deposited into bank accounts before doing any spending, the number of people when the boxes are opened, different persons doing different tasks, not paying all of the spending / expenses by cash as well as keeping the important documents such as cheque books in a locked and safe place. Furthermore, it is surprising that these institutions do not have a computerized accounting system (79%). A proper and systematic accounting is a necessary for an effective financial management for the mosques. The findings of the study also provide an important information to mosques management and members to improve the process of financial management particularly relating to the internal control and accounting system. As a step towards improving the effectiveness and efficiency of the financial management system, mosques need to take into account these needs in the near future for the benefit of the society. For policy making purposes, related government body or agency should take the initiatives to provide a computerized system for those mosques in need.

It is highly recommended that further research should extend the current study by thoroughly analysing or reviewing their financial statements, financial planning and so on in order to clearly understand and get insight on the current practices of the mosques. By doing so, more specific improvements could be made to assist mosques towards having a better system of internal control and financial management. The future study can be extended to a states and government mosques in Malaysia in order to get more and accurate information about the current practices of financial management in mosques. Furthermore, future study should take into account other factors that may contribute to the effectiveness in managing funds. By doing so, it may provide better insights on how to improve the effectiveness and efficiency of fund management including their accounting systems and practices.

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