

**ACCOUNTABILITY OF ISLAMIC BASED NON-PROFIT SECTOR: THE
CASE OF WAQF ORGANIZATIONS**

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ABSTRACT

Waqf organizations have significant roles in a country to mobilize and distribute public funds. The uniqueness of *waqf* is that *waqf* assets should be in existence in perpetuity, therefore the assets must be well managed. Managing public assets must be based on transparency and accountability. The financial reports are prepared to meet the accountability and transparency purposes. Since there was no specifically standardized accounting measurement and report, *waqf* organisations often adopt the financial reporting practices of for-profit accounting standards to present their financial performance which are not wholly appropriate for non-profit. However, organisations managing *waqf* assets must also ensure that they follow the unique Islamic principles of *waqf* such as perpetual existence. Ensuring its accountability through financial reports could be useful to assess *waqf*'s perpetual existence. This paper aims to examine the accountability of *waqf* organizations since accountability is needed to promote public trust in such organizations. Using content and financial statement analysis, this study examines the latest two years (2013-2014) annual reports of five different *waqf* organizations.

ABSTRAK

Kata Kunci:

Wakaf, Laporan

keuangan,

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Laporan

Lembaga wakaf memiliki peranan penting dalam mendistribusikan dan menyalurkan dana masyarakat. Keunikan dana wakaf adalah asset dana wakaf harus ada diawal, oleh karena itu asset wakaf harus dimanajemen dengan baik. Manajemen asset public harus berdasarkan transparansi dan akuntabiliti. Laporan keuangan dibuat dengan tujuan untuk mencapai akuntabilitas dan tranparansi. Selama ini tidak ada spesifikasi standart pengukuran akuntansi dan laporan, organisasi wakaf selalu mengadopsi praktik laporan keuangan

yang berorientasi pada keuntungan untuk menyajikan kinerja keuangan mereka yang sepenuhnya tidak sesuai dengan laporan keuangan non profit. Namun, dalam mengatur asset wakaf, organisasi harus selalu memastikan bahwa mereka mengikuti keunikan prinsip Islam dalam wakaf seperti keberadaan yang abadi. Memastikan akuntabilitas melalui laporan keuangan dapat berguna untuk menilai keberadaan nilai wakaf. Makalah ini bertujuan untuk memeriksa akuntabilitas organisasi wakaf sejak akuntabiliti ini diperlukan untuk mempromosikan kepercayaan masyarakat di suatu organisasi. Dengan menggunakan konten dan analisis laporan keuangan, penelitian ini memeriksa laporan keuangan tahunan dua tahun terakhir (2013-2014) dari lima lembaga wakaf yang berbeda.

INTRODUCTION

As part of good governance and best practices of *Waqf* organizations, accounting is believed to be able to improve the accountability and transparency of the *mutawalli* (*Awaqf* managers). Ebrahim (2003) states that the notion of accountability is inseparably intertwined with the notion that accounting should supply a range of information to satisfy the needs of users. Accountability is seen as not only a reactive response to influences such as regulation, but should also be a proactive function attempting to ensure public confidence in the sector Sacred accountability is evidently examinable from the vantage point of Islamic organizations like *Waqf*. Its unique attributes and socio-economic implications deserve due attention; especially the strategic role of accounting and reporting as accountability and transparency tools to enhance ummah"s confidence in current *Waqf* practices (Nahar & Yacoob, 2011).

Increased transparency on behalf of *Waqf* organizations and better information would achieve more confidence in the sector. Transparency works as a trust-building tool; the more accountable and transparent the organization becomes, the more trustworthy the organization will be viewed by the stakeholder. Transparency involves how much the organization tells the public about itself (Patrizia & Massimo, 2014). The lack of existing empirical research into *Waqf* organizations represents a gap in terms of accountability and transparency. Accountability is thought to be important in this sector since the organization manage public wealth; however, there is sometimes a lack of awareness of reporting.

According to Thomsen (2014), non-profits come in two generic forms: public benefit and mutual benefit organizations. Mutual benefit organizations aim to benefit particularly limited members while public benefit organizations expect to enhance the welfare of society as a whole with a charitable purpose. *Waqf* organizations are categorized as public benefit organization which should be able to manage the endowed properties and mobilize the benefits. There is no doubt that credibility for non-profit is positively linked to transparency which in turn has a strong positive link to the ability of such organizations to obtain the necessary funding and support to achieve their objects (Wells, 2012).

It cannot be denied that the unstandardized reporting has become a bottleneck in promoting accountability and transparency of *Waqf* organizations. *Waqf* organizations need specifically regular and standardized reports as a tool to discharge its accountability as *Mutawalli*. According to the abovementioned statements, this research aims to examine the accountability of *waqf* organizations since accountability is needed to promote public trust in such organizations. Using content and financial statement analysis, this study examines five years (2009-2013) annual reports of three different *waqf* organizations.

LITERATURE REVIEW

One particular *Hadith*, narrated in *Sahih Muslim*, illustrates the various uses of *waqf* during the time of the Prophet Muhammad, peace be upon him: Ibn Umar reported:

Umar acquired a land at Khaibar. He came to Allah's Apostle (may peace be upon him) and sought his advice in regard to it. He said: Allah's Messenger, I have acquired land in Khaibar. I have never acquired property more valuable for me than this, so what do you command me to do with it? Thereupon he (Allah's Apostle) said: If you like, you may keep the corpus intact and give its produce as Sadaqa. So 'Umar gave it as Sadaqa declaring that property must not be sold or inherited or given away as gift. And Umar devoted it to the poor, to the nearest kin, and to the emancipation of slaves, aired in the way of Allah and guests. There is no sin for one, who administers it if he eats something from it in a reasonable manner or if he feeds his friends and does not hoard up goods (for himself). He (the narrator) said: I narrated this hadith to Muhammad, but as I reached the (words)" without hoarding (for himself) out of it." he (Muhammad' said:" without storing the property with a view to becoming rich." Ibn 'Aun said: He who read this book (pertaining to Waqf) informed me that in it (the words are)" without storing the property with a view to becoming rich.

In *Surah Al Imran*, verse 92, Allah (s.w.t.) says, "By no means shall ye attain righteousness unless ye give (freely) of that which ye love; and whatever ye give, of a

truth God know it well". The verse states that Muslims will not be rewarded with goodness unless they are willing to give their best to others. The gift must be of value and which is dear to the giver.

Contrasting with the western perspective on philanthropy, Islam has a mandatory philanthropy by way of providing *zakah*. However, *zakah* is only obligatory for those who have fulfilled several circumstances. Besides *zakah*, Islamic philanthropy also covers beyond compulsory charity. Voluntary charity is a righteous deed in Islam as Allah mentions in *Surah Al Imran*, verse 92. Prophet Muhammad also said "When a man dies, only three deeds will survive him: continuing alms, profitable knowledge and a child praying for him." (Narrated by Ibn Majah As-Qalani). In Al-Quran *Surah Al Baqarah* verse 276, it is said that "*Allah will deprive usury of all blessing, but will give increase for deeds of charity: for He loves not creatures ungrateful and sinner.*" Charity is considered as a proof of one's faith. Charity or philanthropy is seen to be a re-distributive approach to not only the poor but the society at large. By way of such act of giving, the wealth gap within and among the societies can be minimized even eliminated (Zakaria, Samad & Shafii, 2012).

Voluntary charity is a virtuous deed in Islam. In fact, it is considered as a proof of one's eeman (faith). The Prophet sallallaahu „alayhi wa sallam (s.a.w.) said in the following authentic hadith:

Abu Malik al-Ashari (r.a.) (radhi Allahu anhu) narrated that Allah's Messenger (s.a.w.) said: "Cleanliness is half of faith. Alhamdulillah (Praise be to Allah) fills the scale. SubhanAllah (Glory be to Allah) and Alhamdulillah (Praise be to Allah) fill up what is between the heavens and the earth. Prayer is a light. Charity is proof (of one's faith). Endurance is a brightness and the Qur„an is a proof on your behalf or against you. All men go out early in the morning and sell themselves, thereby setting themselves free or destroying themselves." (Muslim, 432).

Waqf means an endowment of title to any property from which may be enjoyed any benefit, interest or profit in accordance with Shariah principles (*Waqf* Enactment, 2005). *Waqf* is a permanent or temporary donation of an asset for a charitable purpose. *Waqf* has its own legal personality that entails specific rights and obligations. According to the enactment, there are two types of *Waqf*; *Waqf „Am* and *Waqf Khas*. *Waqf „Am* means any *Waqf* created for the welfare of the ummah. *Waqf Khas* means an *Waqf* created for a specific purpose whether specified by the *Waqif* (the person who creates *Waqf*) or by the *mutawalli* (*Waqf* management).

Waqf managers are not owners but trustees and must abide by all conditions set by the *waqf* in the first instance. Due to its perpetual nature, *waqf* activities has resulted in the accumulation of *waqf* assets devoted to provide increasing flow of revenues to help in the socio-economic development of the Muslim Ummah. Its benefits are not restricted to the Muslim community alone but go beyond religious, cultural, racial and sectarian boundaries.

Money *waqf*, the contemporary practice of *waqf*, is charitable endowments established with cash capital. What distinguishes these from the standard real estate endowments is the nature of their capital, corpus, which is in the form of cash (Aziz, Johari & Yusof, 2014). Money *waqf* is expected to become one of the alternative instruments for the poverty alleviation programs in worldwide particularly in Islamic countries. These programs require huge amount of fund that cannot be provided thoroughly by the government. Therefore, initiation of new sources of fund for such a program is inevitable. In this concept, *waqf* managers collects the fund from *Waqif* and invest the money in the real sector (mainly small & medium size ventures) and in any *Shariah* based investment opportunities.

The other contemporary *waqf* concept known as corporate *waqf* have been practiced in a number of Muslim countries, namely; Turkey, Malaysia, Bangladesh, India and Pakistan (Ramli and Jalil, 2013). It shows that corporate entities in a number of Muslim countries such as Malaysia, Turkey and Bangladesh have played a major role in the development and management of *waqf* properties.

The organization has an institution accountability to communicate information about social reality for the interest of current shareholders and other stakeholders. The link between religion and accountability has been recognized by Pace (2012) who suggests that religion, both as a personal characteristic and a cultural factor, can influence organizational decision making Yasmin, Haniffa & Hudaib (2014). Islam places a great emphasis on accountability and ethics, with communicated accountability not being just to fulfil social obligations but ultimately to fulfil religious duty. The Islamic concept of accountability extents the scope of answerability to God the Creator as the Judge and Ruler of man. This *Tawhid* (Oneness of God) paradigm implies changes in accountability concept (Hasan, 2001).

The Islamic concept of accountability will affect the way of reporting in Islamic accounting. There are two important criteria for disclosure in Islamic accounting as identified by Baydoun and Willett (2000); the precept of social accountability and a rule of full disclosures. In Islamic perspective, accountability to Allah involves accountability to His fellow men (*habluminallah* and *habluminannaas*). *Habluminannaas* (relationship among human beings) should reveal his *habluminallah* (relationship between human and God). If a man is

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accountable to God, his acts automatically prove that he is accountable to other people and his society. The following is the Quranic verse relating to the accountability concept:

“To Allah belongs all that is in the heavens and all that is on the earth, and whether you disclose what is in your own selves or conceal it, Allah will call you to account for it. Then He forgives whom He wills and punishes whom he wills. And Allah is able to do all things” (Al Baqarah: 284)

Hisab or “account” is the root of accounting, accountable, and accountability. According to Lewis (2001), the references in the holy Quran are to account in its generic sense, relating to one’s obligation to “account” to God on all matters pertaining to human effort for which every muslim is “accountable”. The linguistic stem of the term (Taklif – Arabic) includes the meaning of having to do difficult and burdened things generally name obligation. Muslims are obliged to do what Allah asks and avoid what He forbids (Al-Safi, 1992).

Accountability represents the „giving and demanding for reasons of conduct“ (Roberts and Scapens 1985). Accountability refers to the aspects of duty and obligation, whereas blame also involves sanctions (Bierhoff & Auhagen, 2001). In addition, Wagner (1989) stated that the term accountable can be used to imply being “obligated to give an account” or being “subject” to doing so. In Islamic perspective the term of accountability encompasses commands, forbidden things as well as matters left to choice. There are consequences behind those things called reward and punishment. Accountability can be concluded as a concept in ethics with several moral behaviours involved in it. It covers such concepts as responsibility to perform obligation, answerability of what has been done regarding to the obligation, enforcement and liability to do the commands, and blameworthiness in case of disobedience.

Accountability is seen as important for the charities sector in maintaining the confidence and financial support of the public by giving an account of charities activities. As the charities sector plays such a rich role in modern society the sector’s continued success is dependent upon the public trust and confidence in their work (Sinclair, Hooper & Ayoub, 2010). Accountability is seen as not only a reactive response to influences such as regulation, but should also be a proactive function attempting to ensure public confidence in the sector (Ebrahim, 2003). The concept of accountability is relevant in describing the waqf management as it is appointed as the sole *waqf* trustees to manage public assets.

Sinclair, Hooper & Ayoub (2010) regard the need to discharge accountability through the provision of accessible financial information as a low priority both they claim their stakeholders put no value on such information. In contrary, Connolly and Hyndman (2004) argued the distribution of the annual report is considered as the

main outlet of accountability to external users. Yasmin, Haniffa & Hudaib (2014) state that the issue of communicated accountability is particularly important in faith-based charity organizations as the donated funds and use of those funds is often meant to fulfill religious obligations for the well-being of society. Ebrahim (2003) classifies the accountability mechanisms used by non-profits in practice: reports and disclosure statements, performance assessments and evaluations, participation, self-regulation, social audits.

RESEARCH METHODOLOGY

This study is conducted using content and financial statement analysis. It is mainly based on numerical data and related information provided in annual reports and official websites. For data, annual reports year 2013 and 2014 of five different *waqf* organizations including Indonesian *Waqf* Board (Badan Wakaf Indonesia / BWI), Tabung Wakaf Indonesia (TWI), Wakaf An Nur Corp. (WANCorp), Majlis Ugama Islam Singapura (MUIS), and Majlis Agama Islam Wilayah Persekutuan (MAIWP) were examined. The latest two year annual reports were examined to know the current accountability practices of *waqf* in the five organizations. The data will be tabulated based on the proposed accountability standards (Obaidullah, 2014). The data will be analyzed using content and financial statement analysis.

Content analysis is a research method used to determine the frequency of certain words or concepts within the texts. Content analysis can be developed from many kinds of data, such as text, transcription, images, videos, voice records, and other message types (Yu *et al*, 2011). In short, content analysis is the study of recorded human communications (Babbie, 2011, p. 356). To conduct a content analysis, the data is coded into manageable categories such as words or terms, themes (simple sentences), characters (the number of times of a specific person is mentioned in the texts), paragraphs, items (the whole unit of message), concepts (words grouped together into conceptual ideas) and semantics (the relation of the words / sentences to other words / sentences and how those words affect others).

Accountability assessment proposed by Obaidullah (2014) arguing that *waqf* organizations might need to develop accountability standards. The standards are required to promote public trust in such organizations. The standards are expected to enhance transparent practices. This study attempts to examine the accountability practices in selected five *waqf* organizations using the accountability framework proposed by Obaidullah (2014).

The framework covers the following assessments:

Tabel 1
Accountability Standards

Dimension	Measurement
Governance	<ol style="list-style-type: none"> 1. The existence of a governing board with at least five members 2. A number of mutawalli 3. Independent board (not more than 10% compensated persons) 4. A minimum of three board meetings per year
Effectiveness	<ol style="list-style-type: none"> 1. A board policy of assessing, no less than every two years, the organization's performance and effectiveness and of determining future actions required to achieve its mission 2. A written report that outlines the results of the aforementioned performance and effectiveness assessment and recommendations for future actions.
Finance	<ol style="list-style-type: none"> 1. Spend at least 65% of its total expenses on program activities. 2. Spend no more than 35% of related contributions on fund raising. Related 3. Avoid accumulating funds that could be used for current program activities. 4. Make available to all, on request, complete annual financial statements 5. Include in the financial statements a breakdown of expenses 6. Have a board-approved annual budget for its current fiscal year 7. Accurately report the charity's expenses
Fund Raising	<ol style="list-style-type: none"> 1. Have informational materials 2. Include on any charity websites that request contributions 3. Address privacy concerns of donors by providing in written appeals, at least annually, a means (e.g., such as a check off box) and providing a clear, prominent and easily accessible privacy policy on any of its websites 4. Respond promptly to and act on complaints 5. Clearly disclose how the charity benefits from the sale of products or services

Sources: Obaidullah (2014)

ANALYSIS AND DISCUSSION

Indonesian *Waqf* Board (Badan Wakaf Indonesia, BWI) is an independent state body established based on the Act No. 41 of 2004 on *Waqf*. The body was formed in order to develop and promote *Waqf* in Indonesia. BWI was not established to take over the *Waqf* assets that had been managed by Nazhir (*Waqf* managers) that already exist. BWI aims to ensure that assets are well and productively managed by the *Waqf* managers in order to provide greater benefits to society in terms of social services, economic empowerment, and public infrastructure development. BWI is located in Jakarta and may establish representative offices in provinces, districts and / or cities as needed. BWI members are appointed and dismissed by the President. The tenure is valid for 3 years and may be reappointed for one more period. BWI has approximately 30 members.

Tabung Wakaf Indonesia (TWI) is an institution that serves to improve the welfare of society by mobilizing and managing *waqf* resources. TWI was established by Dompot Duafa (the biggest private Zakah institution in Indonesia) on 14 July 2005 as a commitment to develop the *waqf* properties to support the social programs and economic empowerment. TWI has a major focus on the management of *waqf* properties so as to generate a surplus as optimal as possible. The *waqf* surplus is then transferred to the Dompot Dhuafa for distribution. With its experiences since 1993, Dompot Dhuafa is very competent to ensure the distribution of surplus is properly allocated.

With the establishment of The Administration of Muslim Law Act (AMLA) in 1968, and in accordance with Section 58 of AMLA, all *Waqf* created are vested in Majlis Ulama Islam Singapura (MUIS) (Hasan, 2010). While all *Waqf* are vested in MUIS, there were many *Waqf* that were still managed by the private trustees. In order to rectify this problem AMLA was amended again in 1995 to include the registration of *Waqf*. Henceforth, all *Waqf* in Singapore are required to be registered in MUIS. The registration of *Waqf* has enabled MUIS to have complete database of all *Waqf* properties, revenue, expenses and disbursement information. This information is important for the effective and efficient management of the *Waqf*. The effective and efficient management of *Waqf* assets and properties by MUIS had enabled *Waqf* revenue to increase exponentially. Karim (2008) states that there are still a sizeable number of *Waqf* which are still undeveloped. Some of the properties are located in very prime location. Due to the high potential of such properties, a more advanced and progressive approach needs to be adopted through „*sukuk*“ structure in the name of *Musharakah* Bond. Presently, there are three types of *Waqf* administered in Singapore: the family *Waqf*, the charitable *Waqf*, and a combination of the family and charitable *Waqf* (Hasan, 2010).

JCorp has since become a prominent player in several of its core businesses, particularly in Specialist Healthcare as well as Foods & Restaurants Services Sectors. The Plantation Sector has operations and business interests not only in Malaysia, but also in Indonesia, Papua New Guinea, Solomon Islands and United Kingdom. The Foods & Restaurants Services Sector spans Malaysia, Singapore, Brunei, Philippines, Cambodia and India. Meanwhile, the Specialist Healthcare Services Sector domestically led by JCorp has been expanded to Indonesia, Australia, Thailand and Bangladesh (www.jcorp.com). JCorp via WANCorp in cooperation with State Islamic Councils and support from KPJ Healthcare Berhad developed and managed 20 Waqf An-Nur Clinics (KWAN) besides one Waqf An- Nur Hospital (HWAN) at Pasir Gudang and two mobile clinics on the fundamental of charity through Waqf concept's adaptation. The main objective of KWAN and HWAN's establishments is to provide healthcare treatment and dialysis facilities to the general public particularly the deserving, regardless of ethnicity and religion.

MAIWP has existed for 41 years since its establishment in 1974. Ever since 2007, when MAIWP managed to secure a permanent position, MAIWP moved on and improved its management line so that MAIWP will become a respectable Islamic agency and a role model specifically in the Federal Territory. MAIWP has been continuously supporting the government effort in eradicating poverty (MAIWP annual report, 2013). The main activity of MAIWP which is the zakat distribution program and waqf have always been emphasised to ensure that the programs are implemented effectively. *Waqf* Management in Federal Territory, this unit's role as sole trustee for all general *Waqf* in Federal Territory and is responsible to develop *Waqf* lands for the benefit of Muslims through Mosque, Education centres, Old folk's & Orphanage, Shelter centres, A 34 storeys „A” class office building which will be rented out , Dialysis centres, Service apartments and Waqf Share Scheme (Isa et.al, 2011).

The following table summarizes the comparisons among the organizations.

Table 2

The Comparisons among Selected Waqf Organizations

Comparisons	BWI	TWI	MUIS	WAN	MAI
State	√		√		√
Private		√		√	
Managing immovable properties	√	√	√		√
Managing cash <i>waqf</i>	√	√	√	√	√
Corporate <i>waqf</i>			√	√	
Administrative centre	√		√		√

BWI : Badan Wakaf Indonesia
 TWI : Tabung Wakaf Indonesia
 MUIS : Majlis Ugama Islam Singapura
 WAN : WANCorp
 MAIWP :Majlis Agama Islam Wilayah Persekutuan

To examine the accountability in the selected waqf organizations, specific data are tabulated in the following table:

Table 3

Governance Practices in the Selected Organizations

Dimension	Measurement	BWI	TWI	MUIS	WAN	MAIW
Governance	1. The existence of a governing board with at least five members	√	√	√	√	√
	2. A number of mutawalli	√	√	√	√	√
	3. Independent board (not more than 10% compensated persons)	√	√	√	√	√
	4. A minimum of three board meetings per year	NA	NA	NA	NA	NA

Good governance is forceful to achieve the sustainable economic of any organization. Special attention must be paid to the governance needs of other institutional forms of business such as non-profits. The issues and discussions on the importance of governance in any Islamic institutions have also been discussed by many researchers (Abd. Wahab & Abdul Rahman, 2011; Alnasser & Muhammed, 2012; Obaidullah, 2014). A lack of proper governance mechanisms will affect the efficiency of the organizations (Abd. Wahab & Abdul Rahman, 2011). However, the specific governance for Islamic non-profits have not been well established.

The *waqf* governance indicators proposed by Obaidullah (2014) highlight the composition of board, *mutawalli*, independent board and the effectiveness of board meetings. The annual reports of five different institutions year ended 2013 and 2014 show that basically the *waqf* organizations have good governing board structures. The board consists of five to seven members including Shariah advisors. The selected organizations also have a number of *mutawalli* (*Waqf* managers) with the range from five to eight personals. Generally, the board members are not included in the waqf management. Board meeting is intended to provide a room

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for discussion on adequate oversight of the organization's operations. Nevertheless, regarding board meetings, there was no any information revealed by the organizations.

Table 4.
Effectiveness of Selected Waqf Organizations

Dimension	Measurement	BWI	TWI	MUIS	WAN	MAIWP
Effectiveness	1. A board policy of assessing, no less than every two years, the organization's performance and effectiveness and of determining future actions required to achieve its mission	NA	NA	NA	NA	NA
	2. A written report that outlines the results of the aforementioned performance and effectiveness assessment and recommendations for future actions.	NA	NA	√	√	√

The above table 4 shows that the annual reports published by the selected *waqf* organizations do not mention clearly about the board policy in regard to performance, efficiency and effectiveness as well as future actions. The reports describe the performance and programs conducted by the organizations, but there was no hint describing about policy. The selected *waqf* organizations must have produced annual reports including financial statements. However, two out of five organizations namely BWI and TWI did not publish the annual reports online.

Table 5
The Financial Aspects of Selected Waqf Organizations

Dimensi	Measurement	BWI	TWI	MUI	WA	MAIW
	1. Spend at least 65% of its total expenses on program activities.	NA	NA	X	√	√

Finance	2. Spend no more than 35% of related contributions on fund raising.	NA	NA	NA	√	√
	3. Avoid accumulating funds that could be used for current program activities.	NA	NA	√	√	√
	4. Make available to all, on request, complete annual financial statements	NA	NA	√	√	√
	5. Include in the financial statements a breakdown of expenses	NA	NA	NA	√	√
	6. Have a board-approved annual budget for its current fiscal year	NA	NA	NA	√	√
	7. Accurately report the charity's expenses	NA	NA	√	√	√

Table 6
Annual Expenditures of Waqf Operations (MUIS, WANCorp, MAIWP)

Components	MUIS (SGD)		WANCorp (MYR)		MAIWP (MYR)
	2014	2013	2014	2013	2013
Benefits distribution	6,150,67	6,763,84	11,135,02	8,605,87	471,19
	2	2	9	0	9

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Operating expenditures	8,471,137	6,259,110	686,690	716,263	11,669
Total expenditures	14,611,809	13,022,952	11,821,719	9,322,133	482,868
Program expense ratio	42.09%	51.94%	94.19%	92.31%	97.58%
Fund raising expense ratio	57.91%	48.06%	5.81%	7.69%	2.42%

Since BWI's and TWI's annual reports are not available online, so these two organizations could not be analyzed. MUIS disbursed 42.09% and 51.94% of the total expenses in 2014 and 2013 respectively. Referring to the proposed accountability standards, it can be concluded that the administration or fund raising expenses are considered high in MUIS (57.91% and 48.06% in 2014 and 2013 respectively). It can be explained that MUIS has a number of Waqf projects, funds and properties to be managed which need high administration expenses.

WANCorp has different picture of program and fund raising expenses. The table shows that WANCorp has high program expense ratio (94.19% and 92.31% in 2014 and 2013 respectively) which lead to the low fund raising expense ratio (5.81% and 7.69% in 2014 and 2013 respectively). From its annual reports, it can be concluded that WANCorp distributed high portion of its income to the beneficiaries. It also manages increasing number of dialysis clinics, commercial centers, and rented buildings. In the case of MAIWP, administrative or fund raising expenses are also quite low. This was because *waqf* administrative expenses like salaries were not paid by *waqf* unit but subsidized by MAIWP. MAIWP performed very well years. However, information on *Waqf* assets and the amount of investment are not reported in details in the financial reports.

Waqf organizations do not accumulate funds. It is proven by the low amount of surplus per year. The income is distributed to beneficiaries through several programs and disbursed for administrative purposes. Basically, the annual financial statements provide general information on *waqf* operations, particularly in regard to expenses. Moreover, the reports do not highlight anything on budget. Every organization presents the charitable programs and the percentage they allocate for each program.

Table 7
Fund Raising Evaluation of Selected Waqf Organizations

Dimension	Measurement	BWI	TWI	MUIS	WAN	MAIWP
Fund Raising	1. Have informational materials	√	√	√	√	√
	2. Include on any charity websites that request contributions	NA	√	√	√	√
	3. Address privacy concerns of donors by providing in written appeals, at least annually, a means (e.g., such as a check off box) and providing a clear, prominent and easily accessible privacy policy on any of its websites	NA	NA	NA	NA	NA

Continue Table 7
Fund Raising Evaluation of Selected Waqf Organizations

4. Respond promptly to and act on complaints	NA	NA	NA	NA	NA
5. Clearly disclose how the charity benefits from the sale of products or services	NA	√	√	√	√

The abovementioned organizations have informational materials but not in detailed amounts. Four out of five organizations provide the links of other charity websites. However, in terms of privacy concerns of donors and how they respond to any complaint, the organizations do not provide any information on that matter. The annual reports disclose clearly the distribution of the charity benefits.

The results of the accountability analysis show that there are still rooms for improvements in term of accountability and reporting. In term of reporting, the information reported is quite limited and not detailed. Other than that, the continuity of annual reports should also be maintained. As Masruki and Shafii (2013) also found that recording and reporting for *Waqf* in Malaysia has been inconsistent. The reporting standards of Waqf organizations are also various. The audited financial statements described very limited information. As part of good governance and best practices of *Waqf* institutions, reporting is believed to be able to improve the accountability and transparency of the *Mutawalli*. Sacred accountability is evidently examinable from the vantage point of Islamic organizations like *Waqf*. Its unique attributes and socio-economic implications deservedue attention; especially the strategic role of accounting and reporting as accountability tools to enhance ummah"s confidence in current *Waqf* practices (Nahar & Yacoob, 2011).

CONCLUSION

Waqf practices have improved in almost all muslim"s world. The waqf assets have increased rigorously in the recent years. However, *waqf* practices are not facilitated with a proper accountability guideline. This leads to non-

comparative reporting and operations. Financial statement audits have been done but the results may not significantly push the accountability.

Accountability is important to ensure the discharging of the *amanah* of the *mutawalli* in managing the *waqif*'s assets. Accountability of *waqf* organizations can be observed more easily through the reporting and disclosure practices. The results of the study reveal that the accountability framework proposed by Obaidullah (2014) is partly implemented by the selected *waqf* organizations. The level of implementation is varied among the organizations. Some private *waqf* organizations tend to disclose and report more than the state owned *waqf* organizations. The possible reason could be the state owned *waqf* organizations do not merely focus on managing *waqf* assets, they have to manage *zakah* and other religious matters. Private *Waqf* organizations mainly focus on managing *waqf*. Therefore they have more programs and disclose more information.

The existence of accountability framework will assess how the institution perform and be accountable as an agent to mobilize *waqf* assets. The accountability framework will promote transparency, uniformity and consistency of *waqf* reporting. Well established and standardized accountability guidelines of *waqf* organizations is needed to increase the confidence of the public to contribute more *waqf* assets in the future, which in turn will boost the *waqf* asset volume for the benefit of the *ummah*.

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