THE FINANCIAL MANAGEMENT PRACTICE OF MOSQUE: STUDY CASE IN MALAYSIA

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Abstract

This study aims to explain the financial management practices of the mosque. Specifically, the focus of this study is to explore and investigate how financial management practices in the mosque are carried out. A case study of one Malaysian mosque is undertaken. To achieve the objective of this study, the researcher used various techniques of data collection, including interviews, observations, and reviews of the documents. The findings reveal that the SHAS mosque has four mechanisms to manage financial management practices. The tools are performance assessment and evaluation, participation, regulation, and social auditing. This study concludes that financial management practices are a necessary process to support the accountability of the mosque. Especially, secondary accountability relates to the responsibility of mosque managers toward capital providers of the mosque. The results of this study give some implications for the improvement of financial management practices, particularly in the mosque.

Keywords: mosque, financial management, accountability.

INTRODUCTION

Today, mosques play a significant role in people's lives. Not only as a place of worship and a symbol of greatness from Muslims, but the mosques are also used as a center for organizing activities. In carrying out its functions, mosques obtain funds from various sources. The source of mosque funds, in general, comes from zakat, waqf, infaq, alms, donations, assistance, and other funds (Ayub et al. 1996).

Various sources of funds received by mosques require proper financial management. The key challenge today is to ensure that mosques have efficient and proper financial management practices (Mohamed et al. 2014). The existence of financial management will encourage the creation of transparency and accountability in reporting the use of funds, achieving effectiveness an
efficiency in the organization's operational activities, and promoting compliance with organizational policies and regulations (AICPA 1994). However, a criticism for mosque management is the lack of accountability to manage the accounting system, less budget participation in the mosque, and improper recording and reporting of income and effective way to find sources of income in mosque (Alim and Abdullah 2010). Consequences, it will reduce the quality of management in which the administration of the mosques are not based on Islamic requirement (Mohd et al. 2015). Therefore, this study is intended to examine the issues in financial management practices of mosques, particularly on accountability.

This paper is subdivided into several sections. The first section provides insight into various researches on the financial management of non-profit organizations. The second section deals with the theoretical framework. Then, it is followed by an explanation of the research design, the case findings, and theoretical discussion. Lastly, the conclusion provides a summary of the study.

LITERATURE REVIEW

Financial Management in Non-Profit Organizations

According to Laughlin (1990), financial resources are essential factors to assure the sustainability of organizations. It was also argued that financial operations are the pure form of financial accountability process in organizations. Prior research in non-profit organizations was attempted by Dhanani and Connolly (2006), who analyzed annual reports of 100 charities in the United Kingdom. This study found that most of the charity organizations provide information in the annual report. On the other hand, charity organizations discharge their fiduciary accountability rather than managerial accountability. Fiduciary accountability focused on integrity, compliance, and good governance practices while the charities adequately addressed in the financial statements and narrative reports. However, managerial accountability highlights managerial effectiveness and the impact on society. The reasons why the charity has low managerial accountability are because they follow the Statement of Recommendation Practices (SORP), which focuses on financial statements, not on narrative reports. Hence, charity gives low attention to discharging managerial accountability. From the research, Dhanani and Connolly (2006) suggested that the Charity Commission improves its recommendation and guidance to enhance external accountability, and charity utilizes media other than an annual report to discharge their responsibility to the public.

In line with the study by Dhanani and Connolly (2006), a case study of two waqf institutions in Indonesia is conducted by Ihsan and Ibrahim (2011). This study examined accounting and management practices in two Indonesian waqf institutions, known as ABC and XYZ. In this study, the former also disseminated information through a newspaper, a newsletter, a magazine, and on the internet to discharge its accountability. The main reasons why the former distributed its report are because they perceive that waqf belongs to society. They need to be transparent in managing the fund so the higher transparency will lead to higher public trust.

Siraj (2007) conducted a study on the financial management practices of state mosques in Peninsular Malaysia. This study examines the existing financial management practices, particularly in the areas of budgeting, receipts of income, disbursement of funds, and reporting. The findings of the survey indicated that state mosques have firm internal control in the receipt of income and expenditure of the fund. On the other hand, mosques are still lacking in budgetary and reporting restrictions.

Despite there is a growing concern on the financial management of religious organizations, but most of the previous studies more focused on district and state mosques, which are funded by the government as their object of studies.
There are numerous definitions of accountability. For instance, Edwards and Hulme (1996) define accountability as to how individuals and organizations report to a recognized authority and are held responsible for their actions. Schedler (1999), cited in Botes et al. (2013) argues that accountability represents a commitment to actively engage, inform and explain to stakeholders what is being done and for which purpose. According to Sinclair (1995), accountability means a relationship in which people are required to disclose and take responsibility for their actions. Hence, accountability involves the right of one party to receive information from another party (Gray et al. 1996; Connolly and Kelly 2011).

Non-profit organizations handle public funds from the public, and they have the responsibility to manage the funds well. Therefore, one way a non-profit organization can discharge its accountability is by communicating financial and non-financial information to the interested parties.

**THEORETICAL FRAMEWORK**

**The Conceptual of Accountability**

Accountability can be defined as:

*The duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible* (Gray et al. 1996).

Scholars and practitioners have offered numerous definitions of accountability. For instance, Edwards and Hulme (1996) define accountability as to how individuals and organizations report to a recognized authority and are held responsible for their actions. Schedler (1999), cited in Botes et al. (2013) argues that accountability represents a commitment to actively engage, inform and explain to stakeholders what is being done and for which purpose. According to Sinclair (1995), accountability means a relationship in which people are required to disclose and take responsibility for their actions. Hence, accountability involves the right of one party to receive information from another party (Gray et al. 1996; Connolly and Kelly 2011).

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**Accountability in Religious Organizations**

According to Abdalati (1994), accountability in Islam is an Islamic concept that is related to another Islamic concept of...
Khilafah (vicegerency). The idea of Khilafah says that men are entrusted as God’s agents to manage resources of the entire heaven and earth. Men are endowed with spiritual aspirations, rational faculties, and powers of actions to perform the responsibility (Abdalati 1994). However, the concept of Amanah (trust) puts some restrictions on men to manage the resources according to God’s will.

Mohamed Ibrahim (2000) developed an Islamic accountability model for Islamic organizations and Muslim investors. He said that the accountability concept in Islam is not only to spiritual aspects but to social, business, and other contractual dealings.

The model illustrated that between the organizations and the investors have dual accountability relationships, including primary and secondary accountability. The relationship of primary accountability arises from the concept of Khilafah and bases on the Qur’an and Hadith. Islamic organizations are responsible to Allah as their primary accountee. They are accountable to Allah on all their activities which are recorded by two different angels.

In the model, the secondary accountability relationships are based on the correlation between managers and donors (community). According to Ebrahim (2003), there are five broad mechanisms to measure accountability in non-profit organizations. First are disclosure statements and reports. Non-profit organizations must provide quite detailed information on finances, organizational structure, and programs through annual information. Secondly, performance assessment and evaluation is another tool used for facilitating accountability. This tool is used to distinguish between internal and external evaluations. Such evaluation aims to know whether and to what extent program goals and objectives have been achieved. Next is the participation process in the organizations. Participation involves consultation with community leaders and members, and public involvement in actual project-related activities. It may be the form of community contributions.

Fourth is self-regulation, where the organizations develop standards of behavior and performance. Finally, social auditing is another mechanism of accountability. Social auditing refers to a process in organizations, including organization assesses, reports, and improves upon its social performance and ethical behavior. Hence, this mechanism will be used to approach research questions in this study. It means that this framework may lead to answer the research questions in the present study.
RESEARCH METHODOLOGY

Research Design

The research design is an essential part of collecting data. According to Myers (2009), the research design is a preparation process for qualitative research. It has some components, including research methodology, data collection, and data analysis.

This study uses the interpretative assumption. Interpretative research concerns about social construction such as consciousness, language, instruments, and shared meaning (Myers 2009). It means that this study will interpret the social structures which emerge in a social environment. Therefore, this study will examine the application of financial management of mosques. It will relate to social phenomena that construct the accountability of mosques.

The present study uses a case study as a research methodology. This study used interviews, and document analysis to collect data. The interview allowed the researchers to have active interaction to produce in-depth data and knows about what is going in a specific environment (Gillham 2000). This method is relevant to this study on financial management practices of mosques, where the information about financial management practices is still scarce.

Research Method

This research adopted a qualitative research method. A case study is used as the research methodology of this study. The case study defines that this study uses empirical evidence from one organization, where an effort is made to study the problems in the organizations. Therefore, this study uses financial management practices in mosques as the phenomena in a religious context.

Data Collection

Semi-structured Interviews

For this research, this study investigated Sultan Haji Ahmad Shah (SHAS) Mosque in Islamic International University Malaysia (IIUM). The mosques are chosen for this study because of several reasons. First, IIUM is one of the best Islamic universities which have many students from around the world. So, the existence of the mosque is essential to support many activities. Second, SHAS mosque has an excellent financial management practice where this mosque is the first mosque in Malaysia, which applies ISO 9001 (2015) for the guideline of their activities.

The data of this study is collected through semi-structured interviews with five people who were in charge of managing mosques. The semi-structured interview format is used in this study because this format enables me to limit the questions and also to remain open to the possibility of developing further questions relevant to the interviewees’ responses (Bryman and Burgess 2002). The discussions were focused on mosque management and accounting practices in those mosques.

Documentary Analysis

Documentary analysis is also used to support the analysis of data collection methods. There are four types of documents which support most research, including
personal documents, official documents (both public and non-public), virtual documents, and mass media outputs. As primary documentary data, this study analyzed both public and non-public documents. Among internal documents used are IIUM Financial Procedures, Financial Guidelines of Selangor Islamic Religious Organizations (SIRO), and ISO 9001 2015 Guidance Document. The publicly available information includes the organizational structure of SHAS Mosque from IIUM website. These documents were beneficial in enhancing my understanding of SHAS context.

Data Analysis

Data analysis is the next step of this research methodology. This study uses a data analysis model from Miles and Huberman (Patilima 2007; Sugiyono 2007) which divides the data analysis process into three simultaneous activities, namely data reduction, data display, and verification/conclusion drawing.

Data reduction is the process of selecting, simplifying, abstracting, and transforming data that appears from field notes. Also, data reduction is part of the analysis that sharpens, classifies, directs, removes unnecessary, and organizes data to conclude.

Data presentation is a collection of information used to draw conclusions and take action. In qualitative research, the display of data is done in the form of brief descriptions, charts, relationships between categories, and flowcharts. Based on Miles and Huberman (1994) cited in Sugiyono (2007) states 'the most frequent form of display data for qualitative research data in the past has been narrative text.' The narrative text is a form of data presentation that is often done. Furthermore, displaying data in addition to narrative text can also be graphs, matrices, networks, and charts.

Verification is done by looking for the meaning of patterns, explanations, possible configurations, paths of cause and effect, and propositions. Conclusions rely on the number of field notes, coding, storage, research methods used, and the ability of researchers. Verification is done to find justification and approval so that validity can be achieved. In this connection, Miles and Huberman introduced two models of data analysis, namely the flow model and interactive model (Patilima 2007; Sugiyono 2007).

The flow model is used by the researcher at each stage of the interview. Where, the researcher conducted analysis activities simultaneously between data reduction, data presentation, and conclusion drawing at each observation session. After
collecting data, researchers anticipated data reduction. Furthermore, the activity in data reduction is analyzing through organizing and compiling data for concluding.

**CASE SETTING**

In general, mosques are the place used for worshiping Allah, both obligatory worship and sunnah worship. Likewise, the Sultan Haji Ahmad Shah mosque is used as the primary place of worship for the IIUM community. Five times a day, the University community, officers, academics, students, administrative staff, and workers to perform prayers, and to refresh their mind after doing many activities.

The SHAS mosque was built at the Gombak Campus, International Islamic University Malaysia. This mosque was established in 1995, and its building was completed on 12th October 1997. The Constitutional Head of the University officiated it, Sultan Haji Ahmad Shah (SHAS) Al-Musta'in Billah Ibni Al-Marhum Al-Sultan Abu Bakar Ri ' ayatuddin Al-Muazam Shah, Sultan of Pahang Darul Makmur on October 9, 2000, and was given the name of "Sultan Haji Ahmad Shah Mosque."

This mosque has two corporate objectives. The first is to provide religious programs as the center of Tarbiyah Ruhiyah for IIUM. The second is to provide excellent services as a center for worship, and community services. Besides, the SHAS mosque also has a vision and mission. The vision is to become a center of excellence for the Tarbiyyah Ruhiyyah in line with the IIUM's Vision and Mission. Moreover, the mission of the SHAS mosque is to carry out Tarbiyyah Ruhiyyah programs and services for the spiritual enlightenment of IIUM to achieve the IIUM's Vision and Mission.

As a non-profit organization, SHAS mosque receives funding from IIUM and donations. Every year, the SHAS mosque earns around 500,000-700,000 RM. This income will be used to finance many programs planned at the beginning of the year, such as builds for multipurpose, iftar jama'ie, and qurban (Mosque Manager 2018).

To run all the programs, the SHAS mosque manager is divided into three divisions, namely the division of the imam unit, the division of administration and finance units, and the division of the training unit. Each division has its program and cooperates to make the program successful from each division. Also, there is an i-masjid organization that will also assist mosque managers in the success of programs and activities in the mosque. Members of i-masjid are IIUM students, both from undergraduate and postgraduate students.

**DISCUSSION**

The **Financial Management Practices of the SHAS Mosque**

Financial management in organizations is a decision-making process concerned with planning, acquiring, and utilizing funds that seek to ensure that the goals of organizations are achieved. In non-profit organizations such as mosques, the primary purpose of organizations is to maximize the multiple owner utilities (Baker 1987). Generally, SHAS mosque has funding from IIUM, rental, Friday prayer donation, donations of IIUM'S staff, and other contributions.

Based on the concept of accountability from Ebrahim (2003), this study will divide financial management mechanisms into four parts, namely performance assessment and evaluation, participation, self-regulation, and social-auditing.

**Disclosure Statements and Reports**

At SHAS mosque, the disclosure statements and reports of the financial management process is divided into three parts, namely budgetary controls, financial controls of income, and reporting controls. First are budgetary control. According to the Institute of Management Accountant, budgetary control is related to the requirements of a policy, and the comparison of planning and actual budgeted results. In general, proper budgeting requires strategic
goals, budgeted timeliness, and regular comparison with actual financial results, and scope for amending activities and targets where actual results and planning budgets will not be met.

The IIUM budgetary controls at the mosque are started at the beginning of the year by making a budget for each program. Furthermore, this budget needs to be submitted through a proposal that must be made a maximum of two months before the event schedule is held. For projects with a budget of more than 20,000 RM, it requires approval from the rector.

“Yes, it must. Two months before the program. Proposals must be made two months before the program. And need to be approved by the rector if the need for funds is more than 20,000 RM” (Mr. A, Senior Assistant Religious Officer).

In SHAS mosque activities, budgetary control relates to the responsibility for managing all income and costs incurred to carry out mosque activities. Budgetary control will also help mosque managers in controlling the expenditure for each program. Thus, the budget deficit that may be experienced by mosques can be minimized.

The second is finance controls of income. Finance controls of income are related to the use of income received to finance all activities carried out by the mosque. Clear receipts must accompany all receipts issued by the mosque. While for the flow of mosque income, all income earned must be entered into the bank before 5 p.m. This is intended to avoid negative perceptions of misuse of mosque funds.

“… for example, one procedure is to enter money, we must enter money before 5 p.m. When we receive money, we have to issue for donors, then the money received, for example, 300 or 400 RM, continues to be entered into banking. If we save that money one day, two days, three days, even though we don’t use it, it can bring negative perceptions” (Mr. A, Senior Assistant Religious Officer).

The third is reporting controls. All activities related to SHAS mosque finance were carried out based on IIUM financial guidelines. Also, the financial reporting of the SHAS mosque is guided by the rules of the Selangor Islamic Religious Office (SIRO). In this rule, the financial statements that must be made by the mosque are reports related to the receipt and expenditure of funds.

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Reports that have been made will be reported during meetings held once a month. Specifically for administration and financial division, they must report the expenses and revenues to the executive director and Management Service Division (MSD).

“I as a manager in financial matters need to report to the mosque’s management. The mosque management consists of 3 different departments … I need to report to all managers regarding income and expenditure of money” (Mr. X, Senior Assistant Director).

Financial management makes financial activities in the SHAS mosque even more organized. Because all income and expenses must be reported, so controlling money can be made every time.

**Performance Assessment and Evaluation**

At SHAS mosque, performance assessment and evaluation for mosque activities are carried out at every meeting held once a month. Also, the performance assessment and evaluation are also carried out after completing an event. The committee from the mosque asked participants to...
give a response to the event that had been held so that the committee could make improvements to the program in the future. Program evaluation is also carried out when making presentations to the director, where the board of the mosque and the director will evaluate whether the program will be continued next year or not.

“…It’s program evaluation and responses from participants. At the end, we will present the report to the director’s decision or we will make our to do a little study of the program, whether it needs to be continues next year or not” (Mr. A, Senior Assistant Religious Officer)

Besides, performance assessments and evaluations are carried out for employees. This assessment will be conducted once a year, where each mosque employee will be assessed for performance by the management division and will then be reported to the director of the mosque.

“Performance, okay. Every year, all of our UIA staff will be assessed every year, and also rated by employees or supervisors that are directly related to the division” (Mr. X, Senior Assistant Director)

Employees who have a low Key Performance Indicator (KPI) are not disciplined. They who have low performance will be penalized or moved to another department. There are three categories of employees at the SHAS mosque. First is an employee with an S grade (Social). If a S grade employee makes a mistake, then one of the sanctions can be transferred to another unit but still in the same department. Second, employees with category N (Science) will be assigned to another unit with different departments if they make mistakes.

“… the second he had discipline problems and did not perform. Not performing maybe he will be exchange in a place that is felt according to his capacities, abilities. He will be moved to another place if he didn’t perform” (Mr. X, Senior Assistant Director).

Finally, DG is the grade for top-level management in the mosque. The top-level management position is filled by the lecturer, where they will act as the mosque controller. The proportion of responsibility for the lecturer who also plays the role of manager of the mosque is that 70% hold the responsibility of the mosque manager and 30% hold the position of lecturer.

“…DG is a grade for lecturersm almost all lecturers are DG. So they were appointed by university superiors to monitor officers. Even though there are already employees, but they are not permanent, according to terms, 1 year, 2 years, after that is exchanged” (Mr. B, Religious Officer)

Evaluations conducted for both mosque activities and employees are intended to motivate mosque employees to work better. Assessments carried out on mosque programs will also encourage mosque managers to make improvements and make mosque programs more useful for society.

Participation
Participation is one of the important things that determine the success of programs and activities in the mosque. In SHAS mosque, participation can be divided into two, namely internal participation and external participation. Internal participation consists of committee participation and community participation.

Committee participation is that all committees are involved and assist in the implementation of mosque programs. This participation is the willingness of the committee or staff to support mosque activities outside of the job description, for example, attending meetings and all mosque programs. Generally, the SHAS mosque has several kinds of meetings, namely monthly
meetings, meetings with MSD, and meetings with the rector.

“This minimum annual meeting needs to be held twice a year. At the highest, this chairman rector is the minimum twice in a year. The first internal control is checked once a month” (Mr. X, Senior Assistant Director).

Also, the participation of mosque staff was assessed from their involvement in the programs held by the mosque. The limited number of mosque staff encourages collaboration between one division and another division to implement mosque programs.

“But each bureau helps each other. The Imam’s unit assist finance, finance assist the imam unit, and in the same case the imam unit also assist a training unit. So, everyone helps. Even though the staff is not crowded, there is always supporting each other” (Mr. B, Religious Officer)

On the other hand, community participation is the participation of other communities that assist in the implementation of mosque programs. At IIUM, there is an organization called i-masjid that is specifically tasked to help implement mosque programs.

“There is i-masjid, an organization under the mosque, where they will help in moving the plan that we have done. That’s really important. We only reserve for such proposals that we will make. Then who will run it later that the student and we will be monitoring” (Mr. B, Religious Officer)

In addition to helping mosque managers in implementing their programs, i-masjid itself also has its program that aims to enliven the mosque's activities. I-masjid programs include marriage seminars, hajj courses, Qur'an hours, and Subuh Akbar Program.

“So, because we have a mosque, so many of our programs exist that invite students to come to the mosque. So, there are many programs. So, there are among our biggest program every year. Eeeee… every semester, I’ve heard that there’s Subuh Akbar program. Morning prayer together, it’s also our programs” (Sr. A, Vice President of I-masjid).

To maximize the implementation of their plans, i-masjid administrators are also divided into five divisions, namely the division of da’wah and education, ukhuwah and welfare, entrepreneurship, media and the ummah, and An-Nisa divisions that specifically make the program for women.

“There are 5 bureaus. The da’wah and education bureau, ukhuwah and welfare, entrepreneurship, media and ummah, and an-nisa. The An-Nisa Bureau is indeed female only” (Sr. A, Vice President of i-masjid)

In addition to private participation, there is also external participation that comes from parties outside the IIUM, such as non-profit organizations. These NGOs collaborate with mosques to carry out a program. This collaboration is usually in the form of NGOs providing funds and a SHAS mosque which provides a place to carry out activities.

“NGOs only use mosque to distribute food. We allow him to use places, play power, finance, rather than NGOs. The only place we provided, donations from them” (Mr. X, Senior Assistant Director).

This participation plays a significant role in the success of the events and programs of the mosque. Good cooperation between the internal and external parties of the mosque will support and facilitate mosque administrators in carrying out their agenda.
Regulation
In carrying out all mosque activities and programs, primarily the SHAS mosque was guided by rules, including the shariah regulation, IIUM regulation, and government regulation. This regulation will also become the main guideline in the process of achieving accountability at the SHAS mosque.

The first is shariah regulation. Sharia regulation is a rule that comes from the Qur’an and Hadith. As an Islamic organization, all activities carried out by mosques must not violate the rules described in the Qur’an and Hadith. The second is regulation originating from IIUM. This regulation is primarily related to financial problems, where the SHAS mosque uses the financial guidelines of IIUM to make its financial statements.

“...Besides the financial guideline in the UIA, the mosque’s finances will be seen by many parties” (Mr. A, Senior Assistant Religious Officer).

Third, the SHAS mosque also refers to ISO 9001, 2015, which describes the organization's quality management system. This standard makes mosque activities and programs more structured.

“Starting in 2004, we started implementing ISO for standards. It seems that management is more structured” (Mr. A, Senior Assistant Religious Officer)

Also, the SHAS mosque also refers to the regulation of the Selangor Islamic Religion Office (SIRO) in reporting on its activities.

“... an Islamic religious official or the Selangor Islamic Religious Service, besides the financial guideline from UIA” (Mr. A, Senior Assistant Religious Officer).

The rules used at the SHAS mosque make mosque activities and management better. Mosque managers have a reference and timeline in carrying out each of their actions. So that mosque programs can be carried out on time.

Social Auditing
Social auditing is a defined audit process that is external and internal, where the community prepares and evaluates the report. This report is related to social (Gray et al. 1996). Regarding social auditing, there are three types of social auditing conducted on the SHAS mosque. First is social auditing related to managing the cash of the mosque. IIUM's internal auditors who have responsibility for auditing the mosque cash management.

“Office of internal audit for IIUM is part of cash management. That is audited by the internal audit” (Mr. X, Senior Assistant Director).

Secondly, the SHAS mosque will also be checked in terms of management systems. The mosque management system will be reviewed by quality assessment, inventory, and monitoring (QAIM).

“The control is from office of quality and... QAIM. He will process the IIUM audit, business process” (Mr. X, Senior Assistant Director).

The auditing process will provide lessons to the mosque manager about how to make financial reports and report on functional activities. Also, auditing will guide what statements should be made by the mosque. Audit reports are also a form of mosque's responsibility towards society.

Financial Management Practices and Accountability in SHAS Mosque
Ebrahim (2003) noted that:

“Accountability efforts and mechanisms do not stand alone but are reflective of relationships among organizational actors embedded in a social
and intuitional environment (organization atmospheres).”

(60)

According to the Islamic Accountability Model by Mohamed Ibrahim (2000), accountability is divided by two, including primary accountability and secondary accountability. Primary responsibility arises from the concept of Khilafah where man is given accountable by Allah to manage resources of the mosque. The manager of the mosque is responsible for Allah on all the deeds, including both good and bad deeds.

Besides that, there is also secondary accountability. The secondary accountability is based on relationships between managers and capital providers of the mosque. To manage the secondary responsibility, managers of the SHAS mosque apply the financial management of mosques. First, financial management will focus on performance assessment and evaluation. Performance assessment and evaluation may control all of the activities in mosques between mosque programs and staff performance. This evaluation will encourage mosque managers to make improvements and make mosque programs more useful for society. The active program of the mosque is one of the steps to achieve accountability in managing the mosque.

Secondly, participation from internal and external parties also one of the critical processes to ensure the accountability of the mosque. Internal participation comes from managers of mosque and community in IIUM while external participation usually comes from non-government organizations. Good cooperation between the internal and external parties of the mosque will support and facilitate mosque administrators in carrying out their programs.

The third is regulation. Regulation is expected to become the accountability foundation to control the accountability process. There are three regulations that are used in the SHAS mosque. Firstly, shariah regulation bases on the Qur’an and Hadith. Next, IIUM regulation related to the financial guideline, which is used to make financial reporting. Finally, SHAS mosque also follows the ISO 9001 (2015) and Selangor Islamic Religion Office (SIRO) in carrying out all its activities.

The last is social auditing. Social auditing is a controlling process to make sure that the manager of the mosque has done all of the mosque’s programs effectively. There are two social auditings in SHAS mosque, including social auditing in the cash management and social auditing in the management system. Audit reports are also a form of mosque’s responsibility towards society.

Besides, the other financial management practices are used by the mosque to ensure their accountability. SHAS mosque has three parts, namely budgetary controls, financial controls of income, and reporting controls. This control is essential because it makes economic activities in the SHAS mosque even more organized. All income and expenses must be reported, so controlling money can be done effectively and efficiently.

CONCLUSION

This study investigates the financial management practices of the mosque, SHAS mosque. In this study, financial management is divided into four mechanisms. The first mechanism is performance assessment and evaluation. Performance assessment and evaluation is conducted at every meeting held once a month relating to the mosque program and performance of mosque managers. The second mechanism is participation. Participation comes from internal and external parties. Internal parties include mosque managers and the community in IIUM. External parties come from NGOs. This participation will significantly help to implement the mosque programs. The third is regulation. There are three regulations that are used by SHAS mosque, including sharia regulation, IIUM regulation, ISO 9001 (2015), and regulation from Selangor Islamic Religion Office (SIRO). Fourth is social auditing. There are two social auditings
in SHAS mosque, including cash management auditing and business process auditing.

The financial management practices used in SHAS mosque help managers to ensure their accountability, especially accountability to manage the mosque funds properly. The mechanism is useful to maintain the accountability process both primary accountability to Allah and secondary accountability to donors and community. Also, better financial management practices may increase the donor’s trust to donate their monies to mosques.

The researcher acknowledges that the present study has its share limitations. The first, this study just interviewed five managers of the mosque. Second, this study merely observes one mosque. Future research may interview many managers of the mosque and see some mosques. So, they may compare the internal control and financial management practices on some mosques.

This study offers some implications for the improvement of financial management practices, particularly in the mosque. Theoretically, this study is expected to contribute to the scant literature of financial management practices in non-profit organizations. Practically, this study will contribute to an understanding of financial management practices in mosques. The findings would benefit the regulators in Malaysia in assisting them to ensure the financial management practices of the mosques. Thus, if financial management practices are seen in the mosque as a public trust, the mosque function can be optimized to improve the welfare of society.

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