

Issues on Financial Management Practices of Mosque: A Literature Review

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ABSTRACT

The mosque is a very noble and vital institution in the Muslim community. A mosque is a place of worship; it also has another function that is very important as a place for the development of the Ummah. As an essential institution, the mosque needs to be managed systematically, especially in terms of managing the mosque's finances. Inappropriate management may contribute to insufficient funds in managing the mosque administration and activities for society. It is also essential to manage surplus funds and properties effectively. Generally, mosques receive funds from two sources, namely from the state government and public donations. Therefore, the purpose of this paper anticipates providing a literature review on issues related to the financial management practices of mosques in Malaysia. From the reviews, we found that there are issues relating to the financial management practices, such as the issue of mosque administration, funds management, accounting practices knowledge, and accountability.

Keywords: Management, Mosque financial management, Financial management practices, Mosque funds management

INTRODUCTION

A mosque is a holy place for Islam. The first mosque built by Muslims was the Quba' Mosque located in the City of Medina and founded by the Prophet Muhammad (p.b.u.h). Since then, the mosque has become prominent as the Muslim community center. The Prophet made the mosque a place to carry out religious activities; it also includes various activities related to other daily life. Activities carried out in the mosque include an educational center, an administrative center, a welfare center, a meeting spot, a leisure center, and so forth. Therefore, it is the responsibility of Muslims to prosper and enliven the mosque as in the time of Rasulullah S.A.W.

Today, the role of the mosque is increasing with various roles such as the central reference point for administration and management, being a hub for financial and economic growth as well as a center for the spread of Islamic da'wah (Joni Tamkin Borhan, Mohd Yahya Mohd Hussin, Fidlizan Muhammad, & Mohd Fauzi Abu@Hussin, 2011). Hence, to serve these diverse roles, mosque committee members should make the aspect of mosque financial

management practices a mandatory matter that needs to be taken into account. So, mosque institutions can enliven with various activities that ultimately benefit the community.

Mosques are categorized as non-profit organizations (N.P.O.). As an N.P.O., this institution's primary focus is to provide services to the community without expecting a profit. In the context of an N.P.O., the organization has no shareholders, and its main target is to provide services to those in need and not for profit (Strydom & Stephen, 2014). Generally, each N.P.O. is financed by contributions or donations collected from the public. Likewise, in mosques, money is raised from state government and public donations. Even most mosques in Malaysia are actively seeking their funds to cover the increasing cost of administration and mosque activities. These funds need to be managed well and systematically, which will indirectly contribute to Muslims' economic strength as a whole. According to Ramli, Jalil, Hamdan, Haris, & Abd. Aziz, (2009), the mosque source of the fund can be divided into general funds and special funds. A general fund refers to a fund collection for general administration and management needs, and a specific fund is a collection made for a specific purpose. Whereas, the mosque usage of the fund is divided into three (3) types of usage. The first is *idari*; used for the mosque administration. The second is *ijtima'i*; used for charitable purposes, and the third is *tijari*; a fund used to gain profits such as business and investment.

As a crucial institution that mobilizes this community, the mosque should be appropriately managed and coordinated with sound financial management practices in order to ensure the continuity of mosque activities that will serve the community. (Hashim, Isa, & Yusuff, 2015). Although sound financial management practices can be proved in an excellent financial recording and reporting, they also need to be seen from how the funds collected are used efficiently. However, there are still issues related to the mosque's financial management practices reported by journalists and researchers. As previously reported by Sinar Online on 31 January 2018, a total of RM7.8 million mosque cash in Perak has not fully used by the mosque. Also reported in the same newspaper on 23 September 2019, the mosque did not display the audited financial statement and the mosque activity report to the congregation. They were unaware of the mosque's current financial situation. A survey performed by the Perak Islamic Religious Department (JAIPk) found that the main factor in mosque cash freezing is the mosque management committee's failure in planning mosque activities every year.

Further study by a group of researchers from the Universiti Perguruan Sultan Idris Shah (UPSI) found that mosques in Perak have a large surplus of RM2.7 million a year. They also found that this situation occurs because the mosque committee members could not efficiently perform their responsibilities (Hussin & et al., 2014). Therefore, this paper aims to review issues related to the financial management practices of mosques addressed by the previous researchers. The method used for this paper is selecting 10 to 20 articles related to the topic of mosque financial management practices. The year of publication of selected articles is from 2010 to 2020. In this paper, the authors highlighted only three (3) issues on mosque financial management practices and discussed in the next subtopic.

THE ISSUE OF MOSQUE ADMINISTRATION AND MANAGEMENT

Issues relating to the administration and management of mosques need to be dealt with urgently. It should be solved in order to empower and strengthen the function of the mosque. Based on the articles reviewed, Rahayati, Syahiza, Roshima, Azlindawati, & Shaamila (2020) found that the mosques' issues in Malaysia and Indonesia were very identical. They encounter financial problems, human resource challenges, and governance issues. Further, another study found that the mosque management in rural and urban areas had been a lengthy polemic because one of the mosque management's weaknesses was conservative and less active (Utama, Fitrandasari, Arifin, & Muhtadi, 2018). According to Zakariyah, Sarif, Osman, Abd Rahman, & Noor (2017), the lack of good governance and expertise prevents mosque management from

using 'tabung masjid' to serve the wider community ultimately. In conjunction, Yusuf, Abdullah, Yusuf, & Abdullah (2017) identified the mosque management faced with difficulties and constraints in attracting the Indigenous community in Selangor to join mosque activities. In the above report, Fauzi Mohd Shahar (2015) addressed the issue of mosque management, welfare, economy, challenges, and strategies of contemporary da'wah management in approaching the non-Muslim community.

In terms of research in mosque management, Farik, Yatin, Iza, Kamal, & Khairunnisa (2011) found only a few discussed the record management issue, but most of the researches focused only on managing financial records. Sadiq & Mokhtar (2020), in their study on the mosque's management system, discovered that research on the mosque in Malaysia and the management system was under-explored mainly researched the management system. Therefore, more study needs be done on the mosque in Malaysia and the management system in order to ensure the management system applies to Muslims and Islam's most important institutions

THE ISSUE OF FUND MANAGEMENT

The fund management is a second issue found in the reviews on this topic area. The fund donated by the donor requires correct handling, and the use of the fund would benefit the community. Unfortunately, several studies have revealed the mosque fund management's real situation, and the problem comes from the mosque committee members. According to Hashim et al. (2015), in their study in Kubang Pasu, Kedah found that most of the mosques at that location spent a long time depositing a large amount of money into the savings account. As such, the margin of return on the savings account is relatively small. Rahayati et al. (2020) and Yasoa', Ghazali, Alwi, and Rahman (2019) also found nearly the same issue where mosques tend to hold funds in the bank or other financial institutions for small profits as their saving investment is limited to a small marginal return. Zakariyah, Sarif, Osman, Abd Rahman, & Noor (2017) recognized the preference of mosques for saving donations to Islamic banks. However, they did not further explore possible reasons for such decision.

As a religious organization, the money donated should be used efficiently for the benefit of Ummah. Shahrudin & Sulaiman (2015) said that most mosques rely on public donations, but some mosques fail to invest the funds to earn additional income. Other than that, Raflis, Omar, Yahya, Hussin, & Fidlizan (2017) discovered that there is still a lack of economic project management and economic activities. They noticed it was related to the cautious mechanism of the selected activities, which may be carried out by the mosque committee members, and the limitation on using the mosque's funds and properties by the authority.

Regarding the use of funds in mosque activities and development programs, Muhammad, Razak, Hussin, Awang, & Al Jaffri Saad (2020) stated that mosque expenditure was limited to development for the benefit of congregations only. Financial considerations, such as insufficient funding, affect the implementation of mosque projects in the Indigenous Community (Yusuf et al., 2017). Yasoa' et al. (2019) reported in their study, most of the mosque committee members in Malaysia were not imaginative and inventive in raising funds for the mosque's growth and development, even for the local community. Other researchers have also shown that the mosque committee members' inclination towards risky investment activities were limited. It was because their fundraising accountability is still limited to traditional resources, such as public contributions, waqf, and government grants only (Raflis et al., 2017).

Apart from that, there were also where the mosque was failing to take advantage of the properties they owned. As the findings by Yahya, Muhammad, Razak, Habidin, and Mohamad (2012), as many as 21 mosques in Perak have land with a total area of 90 acres that was not developed at all. It has happened because the mosque management was ineffective in managing the mosque funds (Ahmad Puhad Alim & Abdullah, 2010). However, there was also the issue

of a lack of funds in some mosques in Malaysia. Utaberta, Othman, and Surat (2010) found that mosques' activities were less popular to the community due to the lack of mosque funds to carry out attractive activities. Some mosques face the problem of the financial shortage because mosque spending exceeds its revenue, and this problem often occurs in mosques located in rural areas (Hydzulkifli Hashim Omar, Mohd Yazid Isa, & Noraini Yusuff, 2015). From the discussion, we can infer that the fund must be managed accordingly to optimize society's benefits.

THE ISSUE OF ACCOUNTING PRACTICES KNOWLEDGE AND ACCOUNTABILITY

Awareness of accounting practices knowledge is vital to the mosque committee. They are required to ensure that the finances of the mosque are correctly recorded. The mosque committee members' accountability is also necessary for the sustainability of the institution. Unfortunately, there are still issue reported relating to this matter. In their study on accounting practice, Zain, Samad, Samsudin, and Armia (2020) noticed that very few mosque committee members in Malaysia were known about accounting practices. They found that the account clerk was uncertain about his accounting job due to lack of accounting experience and a loss of confidence in accounting work due to lack of supervision. The mosque committee members also found a lack of accountability in managing the account reporting. They also observed less participation in the mosque budget, practicing inaccurate financial reporting, and inefficient in obtaining funds for mosques (Ahmad et al., 2010).

Another research confirmed this finding where the mosque committee members were using different accounting formats. More surprising, some were still uncertain about the accounting format they used and did not know the accounting reporting styles they need to provide. They added that although mosques have a financial appraiser who evaluates the mosque's financial statement, many mosques in Terengganu's financial statements were not audited. It is clearly shown that the financial appraisers appointed did not perform their role effectively. It was due to a lack of enforcement by the authorities (Shaharuddin et al., 2015). The disparity in accounting practices between mosques in recording finances was due to the lack of monitoring systems and the lack of supervision by approved staff. (Zain et al., 2020). Loose internal control factors may also contribute to the misuse of authority in the funds collected, resulting in incorrect reporting processes, such as budgeting and financial statements (Rahayati et al., 2020).

This indicates an urgent need for the authorities, especially the State Islamic Religious Council (SIRC), to formulate methods and procedures for mosque institutions' involvement in economic activities. It is suggested here that training or regular courses should be implemented for mosque committee members. The mosque management also can encourage the mosque committee members to attend training and courses on accounting practices. It hopes to improve accountability and help to make them aware of the importance of financial reporting. Indirectly, their knowledge in handling the mosque's finances will improve. By that, they will apply the correct accounting system and be able to follow an organized system of internal control.

CONCLUSION

In conclusion, there are still issues related to the mosque's financial management practices, even though currently, there is a growth in the number of new mosques and the mosque's numerous attempts to obtain funding. The issues highlighted in this paper are; first, the mosque administration and management issues, such as less research on the mosque management system and the mosques, are inactive and use a conservative approach to handling mosque finances. Second, funding management issues, such as the mosque saving a significant sum of

money in a low-return investment account, inefficient use of funds, and the practice of a restriction mechanism in the mosque expense fund for mosque activities and programs. Lastly, the accounting practice knowledge and accountability issues such as lack of knowledge of accounting among the mosque committee members, using different financial reporting formats, and loose internal control manage mosque funds.

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