

Disclosure of Non-Financial Information in Discharging Accountability of *Waqf* Trustee

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ABSTRACT

As trustees, *waqf* institutions are not only accountable to Allah SWT but also to individuals and society. It has been recognised in prior studies that financial reports are the main medium to discharge accountability. In order to discharge the dual accountability obligation, financial information alone is insufficient. Instead, non-financial information also needs to be disclosed in the financial report. Through questionnaire survey to accountants and management of *waqf* institutions, auditors, academicians and representatives of accounting professional bodies in Malaysia, this paper has identified the importance of disclosure of a list of non-financial information related to *waqf*. Overall, the results show that almost 90 percent of the non-financial information is regarded as having high level of disclosure importance. It is identified that the most important item for disclosure is the information within the category related to accounting policy whilst the least important information for disclosure is the information within the category of employee and employment. The findings indicate the importance of justification of accounting figures as well as explanation of the performance of *waqf* assets management and social responsibility of *waqf* institutions. The findings may be used, particularly by *waqf* trustees, as disclosure guidelines for better discharging accountability through reporting.

Keywords: Islamic accountability, Accountability reporting, Disclosure of non-financial information, Accounting for *waqf*, *Waqf*

INTRODUCTION

Accounting for *waqf* (Islamic endowed trust funds) has been extensively practiced since the Ottoman Empire with the use of book keeping to record *waqf* transactions and the use of accounting record to measure performance of *waqf* management (Yayla, 2007). History has proven that the use of accounting had resulted in the success of *waqf* management and the importance of accounting in the development of *waqf* assets to support economic growth (Yayla, 2007; Toruman *et al.*, 2007). The contribution of *waqf* to the economy has been well recognised. As argued by Mohd Hisham Dafterdar at the 8th World Islamic Economic Forum (WIEF) in Malaysia from 4 to 6 December 2012, 'the importance of the *waqf* sector is seen in terms of the huge assets it controls...and its significant contribution to the economy which accounts for as much as 10 per cent of the GDP of some countries'. Given the economic importance which the *waqf* system carries and the nature of endowment in *waqf* that requires integrity and trust, the expectation on accountability from *waqf* managers is therefore imperatively crucial.

As a trustee (or *mutawali* in Arabics), a *waqf* manager must ensure that *waqf* assets are properly managed and developed, *waqf* deeds are well regarded and the usufructs are delivered to the intended beneficiaries (Yaacob *et al.*, 2015). From the Islamic perspective, an individual or organisation as a trustee is accountable not only to individuals and the society at large but more importantly to the almighty Allah SWT (Baydoun & Willet, 2000; Shahul Hameed, 2000). Hudaib and Mirza (2004) emphasise that preparing an

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account in discharging accountability from the Islamic perspective is part of *ibadah* (servitude to Allah) and *amal soleh* (virtuous deeds) in achieving *al-falah* (success in the world and hereafter). In a similar vein, Nahar and Yaacob (2011) infer that in Islam, accounting and reporting is vital for greater accountability not only to Allah SWT but also to individuals and society at large. In this respect, disclosure from the Islamic perspective is based on the concepts of social accountability and full disclosure (Baydoun & Willet, 1997, 2000; Haniffa, 2002; Haniffa & Hudaib, 2002).

Full disclosure according to Baydoun and Willet (1997, 2000) does not mean the disclosure of all information in detail but it refers to the disclosure of all important information. In other words, accounting and reporting in accordance with *Shariah Islamiah* is more than just numbers and qualitative aspects. Instead, any relevant information including non-financial information should be disclosed as long as it is true and whether it is mandated or not by the accounting standards (Yaacob *et al.*, 2012, 2015). For greater accountability purpose, financial information alone is insufficient, non-financial information should also be disclosed (Coy, *et al.*, 2001; IFAC, 1991; Murni *et al.*, 2014; Ryan & Mack, 2006; Tooley *et al.*, 2010). Sofyan (2003) argues that the financial reports of an Islamic organisation should also be a medium for promoting Islamic values not only for reporting general financial statements. This purpose may not merely be achieved through disclosure of financial information, in fact other narrative information such as information that expresses concerns of organisations about their employees and environment are also important to be disclosed. Thus, in fulfilling dual accountability obligations (accountability to Allah and accountability to individuals and the society at large) through reporting, an Islamic-based organisation including *waqf* institutions should disclose true and fair as well as relevant and comprehensive information which includes both financial and non-financial items (Haniffa & Hudaib, 2002; Yaacob *et al.*, 2012; Rosnia & Zurina, 2013).

Despite the substantial claims of the importance of reporting in discharging accountability, there are limited studies that examine the link between accounting, reporting and accountability in Islamic-based organisations (Hasan & Siti Nabihah, 2010), such as *waqf* institutions in the context of this paper. Specifically, the accounting literature that examines accounting and reporting for *waqf*, has been relatively scant (Yaacob *et al.*, 2012). The limited empirical prior studies (e.g. Abdul Rahim *et al.*, 1999; Siti Rokyah, 2005) indicate that the accountability aspects of *waqf* managers as trustees in the context of Malaysia are lacking which among others due to lack of transparency. The studies found that the level of *waqf* disclosure in the financial reports of the State Islamic Religious Councils (SIRCs), the institutions responsible for religious matters such as *waqf* management, is comparatively low. Hence, in order to address this issue, particularly in Malaysia, Siti Rokyah (2005) suggests that specific guidelines for *waqf* reporting are important and need to be developed. With the specific guidelines for *waqf* disclosure, the discharge of greater accountability through reporting by *waqf* institutions as trustees could be improved.

For financial information, at least the relevant accounting standards and the best reporting practices applied by the SIRCs or their specific agencies responsible for *waqf* management, have stipulated minimum disclosure requirements. For non-financial information, however, to date, there are no disclosure guidelines or standards specifically for the reporting of *waqf* institutions as trustees. A recent study by Mohd Fairuz *et al.*, (2016) has recommended a list of information items to be disclosed in the financial reports of *waqf*, *zakat* and *baitulmal* institutions in Malaysia. Based on the list of disclosure items suggested by Mohd Fairuz *et al.* (2016), this paper focuses only on non-financial information items related to *waqf* with the objective to identify the perceived disclosure importance of each of the items. This paper provides new input to the ongoing debate about the role of non-financial disclosure in discharging greater accountability specifically within the context of Islamic-based organisations such as *waqf* institutions.

This paper is structured as follows: the next section provides the reader the insights from literature. Thereafter, the research methods employed are presented followed by a discussion about the study findings. The paper ends with a conclusion along with the study limitations and suggestions for future research.

INSIGHTS FROM LITERATURE

Accountability is the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for one is held responsible (Gray *et al.*, 1996). Similarly, Cutt and Murray (2000) defines accountability by highlighting the existence of at least two parties, one who allocated responsibility, and another one who accepts it with understanding to account for the manner in which it has been discharged. In Islam, accountability is of utmost importance as stated in the Quran [2:284] "*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.”. The Quran also states, “*To Him belong the dominion of the heavens and earth. And to Allah are returned [all] matters*” [57:5]. The verses indicate that all belongings of human on this earth are a mere trust (*amanah*) from God, in which human will be accounted for it and human is individually accountable for their actions on the day of Judgement.

In addition, the Quran emphasised that any deeds, either positive or negative and even the deeds with the size of an atom will be measured and rewarded accordingly. Referring to this, Nahar and Yaacob (2011) reckon that accounting and reporting from the Islamic perspective is vital for greater accountability as it affects the life of the Muslims in this world and hereafter. By highlighting these, they suggest that accounting and reporting are provided beyond the worldly objectives. In this regards, the purpose of accounting and reporting is to ensure the accountability to Allah SWT and accountability to individuals and society at large have been discharged (Baydoun & Willet, 2000; Shahul Hameed, 2000). In order to discharge this dual accountability obligation, a wider scope of reporting should be provided by the reporting entities (Haniffa & Hudaib, 2004; Rosnia & Zurina, 2013). Hence, the disclosure of financial information alone is insufficient, non-financial information should also be disclosed (Rosnia & Zurina, 2013; Ihsan & Adnan, 2009; Che Azmi & Hanifa, 2015). In a similar vein, the Canadian Institute of Chartered Accountants (CICA) (2011) emphasises that since financial statements cover only a small component of performance information, non-financial information is needed in communicating comprehensive information related to an organisation and its roles, especially for a non-profit organisation, such as *waqf* institution in the context of our study. In addition, Dhanani and Connolly (2012) and Yasmin *et al.* (2014) state that accountability discharged through reporting is crucial as it may influence perceptions about the reporting entities. If an organisation could enhance its accountability through reporting, the confidence of stakeholders towards the organisation may be increased (Lee, 2004). In the context of a *waqf* institution, the discharged of enhanced accountability may consequently strengthen the institution’s role as a trustee.

Prior studies also relate transparency and accountability. The study by Ihsan and Mohamed Ibrahim (2011) for instance, compares two *waqf* institutions in Indonesia and finds that the institution that is more transparent in their financial reporting practices indicates better accountability. For dual accountability purpose, Sofyan (2003) emphasises that financial reports of Islamic-based organisations should become an intermediary in promoting Islamic values such as ethics, moral and spiritual values. In this respect, besides financial objectives, the disclosure of information regarding *shariah* compliance is also important. According to Yaacob *et al.* (2012), reporting that is *shariah* compliant involves more than just figures and quantitative aspect. It also involve qualitative aspect consist of relevant narrative statements and non-financial information.

With regard to the above, Haniffa and Hudaib (2002) argue that the Islamic-based organisations should provide a comprehensive report beyond the mandated financial report. According to them, there has to be substantial additional disclosure of non-financial information including the disclosure about social information that shows the non-involvement of *riba* and *gharar* elements in financing and investments, information about products or services resulted from prohibited (*haram*) or uncertain activities, information that shows the extent to which an entity has taken care of its employees’ welfare, information related to the fulfilment of society needs such as *sadaqah*, *zakat* and *waqf*, and finally information about environment. In addition to the information put forward by Haniffa and Hudaib (2002), Othman and Md. Thani (2010) suggest the disclosure of non-financial information related to an entity’s governance. In the context of *waqf* specifically, non-financial information includes the information that informs stakeholders about the achievement of objectives and the progress of *waqf* programmes (Rosnia & Zurina, 2013). This information is useful to stakeholders especially *waqf* donors and their beneficiaries to observe that *waqf* institutions have fulfilled their roles as *waqf* trustees or *mutawalli*. In addition, non-financial information may be useful to other stakeholders such as property developers for their decision making purposes for example whether or not to participate in the development of *waqf* assets.

Despite the importance of disclosure of comprehensive information, studies by Abdul Rahim *et al.* (1999) and Siti Rokyah (2005) find the low level of disclosure of *waqf* information in the State Islamic Religious Council’s (SIRC) annual reports. Besides no separate disclosure for *waqf* account, Hisham (2006) also finds that there is no disclosure on various *waqf* assets. Hence, the specific guidelines for *waqf* disclosure including the disclosure for non-financial information is critically required (Siti Rokyah, 2005).

A recent study by Mohd Fairuz *et al.*, (2016) fill the need for disclosure guidelines by recommending a list of items, both financial and non-financial information, for disclosure in the financial reports of *waqf*, *zakat* and *baitulmal* institutions in Malaysia. The items which include information related to *waqf*, *zakat* and *baitulmal* were identified based on Al-Quran, Hadith, *Ijma*’and/or *Qiyas*. They were also identified based on an extensive review of literature related to Islamic accounting and reporting, recommendation of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) *sharia standards* and suggestions from the

accountants and management of SIRC's and their agencies. The final list of disclosure items was subsequently validated by the experts of *fiqh muamalat* and Islamic accounting. Nevertheless, the study did not identify the importance of information items to be disclosed in the financial reports of the institutions. Hence, we extend the study of Mohd Fairuz *et al.*, (2016) by examining the disclosure importance of the information items from the views of financial report preparers (i.e. the accountants of SIRC's and their related agencies), oversight bodies, academicians and other parties directly related to the institutions. In this paper, we report only the disclosure importance of non-financial information items related to *waqf* and *waqf* institutions as trustees or *mutawalli*.

METHODOLOGY

Our study involved primary data collected through a questionnaire survey. The questionnaires were distributed and collected during the conference (*Seminar Penyelidikan Perakaunan Dan Pelaporan Kewangan Islam Bagi Institusi Wakaf, Zakat Dan Baitulmal Di Malaysia*) organised by the Accountant General Department of Malaysia, held in Putrajaya International Convention Centre (PICC) on 25th October 2016. As shown in **Table 1**, a total of 182 questionnaires were distributed and 92 questionnaires (51%) were received and suitable for analysis. Specifically, the respondents include accountants and assistant accountants of SIRC's and their agencies related to *waqf*, *zakat* or *baitulmal*, State Government treasurers and the management of State Government Finance and Account Committee, representatives of Federal Government bodies governing the Islamic matters (including the Department of *Waqf, Zakat* and Hajj (JAWHAR), the Department of Islamic Advancement of Malaysia (JAKIM), National Fatwa Council and *Waqf* Foundation), auditor of the National Audit Department of Malaysia, lawyer of the Attorney General's Chambers of Malaysia, academicians, Islamic accounting and finance experts, a representative of the Treasury of Malaysia, representatives of accounting professional bodies in Malaysia, Chief Accountants of various Ministries as well as the top management and accountants of the Accountant General's Department of Malaysia. The majority of the respondents are the preparers of financial reports of SIRC's and their related agencies and those who have direct and identifiable relationship with SIRC's as well as those who have knowledge in accounting and Islamic matters including *waqf*.

Table 1: Response Summary

| Respondent Group | Number of Questionnaire Distributed | Number of Usable Response | Response Rate % |
|---|-------------------------------------|---------------------------|-----------------|
| Accountants and Assistant Accountants of SIRC's and Their Agencies | 46 | 38 | 83 |
| State Government Treasurers and Management of State Government Finance and Account Committee, | 28 | 14 | 50 |
| Federal Government bodies related with Islamic matters | 8 | 5 | 63 |
| National Audit Department | 1 | 1 | 100 |
| Attorney General's Chambers | 1 | 1 | 100 |
| Academicians | 21 | 9 | 43 |
| Islamic accounting and finance experts | 3 | 3 | 100 |
| Treasury | 1 | 1 | 100 |
| Accounting professional bodies | 4 | 2 | 50 |
| Chief Accountants of various Ministries | 18 | 5 | 28 |
| Accountant General's Department | 51 | 13 | 26 |
| Total | 182 | 92 | 51 |

Each respondent was presented with a questionnaire that consists of a list of information items for disclosure. Using the list of information items to be disclosed by *waqf*, *zakat* and *baitulmal* institutions as suggested by Mohd Fairuz *et al.* (2016), the respondents were asked to indicate their perceptions on the importance of disclosure of each of the information item using a likert scale of 1 (unimportant and should not be disclosed) to 5 (extremely important to be disclosed). As mentioned earlier, this paper reports only the disclosure importance of non-financial information items related to *waqf* and *waqf* institutions.

The scores gathered for each information item were then analysed with reference to descriptive statistics of mean score. The interpretation of mean score used in our study were adapted from Bahril and Wahid's (2012) study as shown in **Table 2**.

Table 2: Interpretation of Mean Score in Reporting Descriptive Statistics Results

| Mean Score | Interpretation |
|--------------|--|
| 1.00 to 2.40 | Low level of disclosure importance |
| 2.41 to 3.80 | Intermediate level disclosure importance |
| 3.81 to 5.00 | High level of disclosure importance |

RESULTS AND DISCUSSION

The objective of the study is to identify the importance of disclosure of non-financial information related to *waqf*. **Table 3** summarises the mean score of importance for disclosure according to category of information while **Table 4** provides item-by-item scores for each category.

Table 3: Mean Importance for Disclosure

| Non-Financial Information Items | Mean Score |
|---|------------|
| Basic Information about the institution | 4.50 |
| Governance (6) | 4.34 |
| Internal Control (6) | 4.43 |
| Employee and Employment (7) | 3.73 |
| Shariah Advisory Committee (5) | 4.28 |
| Fatwa Committee (4) | 4.33 |
| Risk Management Committee (6) | 4.22 |
| Related party transactions (2) | 4.29 |
| Environment (2) | 4.03 |
| Society (3) | 4.27 |
| Accounting Policy and Changes in Accounting (5) | 4.66 |
| Waqf Highlights (2) | 4.58 |
| 'Ain Perpetuation of Waqf Asset (4) | 4.46 |
| Istibdal (Exchange) of Waqf Asset (3) | 4.38 |
| Development/Investment of Waqf Asset (2) | 4.56 |

Note: "0" = unimportant and should not be disclosed ; "1" = minor importance; "2" = quite important; "3" = very important; "4" = extremely important.

As summarised in **Table 3**, there are 15 categories of non-financial information items related to *waqf* and the *mutawalli* (*waqf* institution). Each category consists of certain number of related information (as shown in parentheses). Based on the mean scores, the information category of “accounting policy and accounting changes” is the most important category for disclosure. The second and third important categories are the information categories pertaining to “*waqf* highlights” and “development/investment of *waqf* assets” respectively. The least important information category for disclosure as summarised in **Table 3** is the category related to employee and employment.

The analysis of data was expanded by examining item-by-item score for each category of information. In total (as shown in **Table 4**), 61 non-financial information item were specified in accordance with their importance for disclosure. Based on the mean scores, within the information category of “accounting policy and accounting changes” which is the most important category for disclosure, the information regarding specific policy of accounting for *waqf* is rated by the respondents as the most important item for disclosure.

Table 4: Item-by-item Score and Level of Disclosure Importance

| Non-Financial Information Item by Category | Mean Score | Level of Disclosure Importance |
|--|------------|--------------------------------|
| Basic information about the institution | | |
| a) Organisation structure | 4.50 | High level |
| b) Management Team | 4.47 | High level |
| c) Specific Department/Unit/Agency for <i>waqf</i> management | 4.39 | High level |
| d) Key roles of institution | 4.62 | High level |
| Governance | | |
| a) Structure of Board of Director/ Board of Trustee (including composition, qualification and experience of members) | 4.32 | High level |
| b) Work scope of Board members | 3.98 | High level |
| c) Policy of Remuneration to Board members | 4.04 | High level |
| d) Anti-Corruption Policy | 4.55 | High level |
| e) Reporting line of <i>waqf</i> institution/department to the SIRC | 4.61 | High level |
| f) Ownership of SIRC in <i>waqf</i> institution | 4.52 | High level |
| Internal Control | | |
| a) Audit Committee Members | 4.59 | High level |
| b) Qualification and experience Audit Committee members | 4.39 | High level |
| c) Work scope of Audit Committee (role and responsibility) | 4.37 | High level |
| d) Audit Committee report (including number of meetings per year and Audit Committee role to the institution). | 4.39 | High level |
| e) Audit Committee communication with Board of Directors/ trustees, management and other stakeholders. | 4.18 | High level |
| f) Report on internal control (to ensure proper management and development) | 4.65 | High level |

| Non-Financial Information Item by Category | Mean Score | Level of Disclosure Importance |
|---|-------------------|---------------------------------------|
| Employee and Employment | | |
| a) Number of employee by scope of duty | 3.72 | Intermediate Level |
| b) Employee development (training and education) | 3.63 | Intermediate Level |
| c) Equal Opportunities | 3.55 | Intermediate Level |
| d) Involvement of employee in decision making | 3.44 | Intermediate Level |
| e) Working environment | 3.50 | Intermediate Level |
| f) Employee benefits | 3.99 | High level |
| g) Code of conduct/ standard operating procedure | 4.27 | High level |
| Shariah Advisory Committee | | |
| a) The Committee/Panel members | 4.54 | High level |
| b) Member Qualification and Experience | 4.29 | High level |
| c) Work Scope (Role/Responsibility) | 4.22 | High level |
| d) Member's remuneration policy | 3.92 | High level |
| e) Committee's Opinions about <i>shariah</i> compliance. | 4.43 | High level |
| Fatwa Committee | | |
| a) The committee members | 4.61 | High level |
| b) Member Qualification and Experience | 4.44 | High level |
| c) Work Scope (Role/Responsibility) | 4.29 | High level |
| d) Member's remuneration policy | 3.97 | High level |
| Risk Management Committee | | |
| a) The committee members | 4.40 | High level |
| b) Member Qualification and Experience | 4.19 | High level |
| c) Work Scope (Role/Responsibility) | 4.20 | High level |
| d) Member's remuneration policy | 3.96 | High level |
| e) Communication Channel between Risk Management Committee, Audit Committee and <i>Waqf</i> Officials | 4.26 | High level |
| f) Statement on types of risk involved | 4.34 | High level |
| Related party transactions | | |
| a) Type of relationship between related parties. | 4.26 | High level |
| b) Type of related party transactions/activities | 4.32 | High level |
| Environment | | |
| a) Policy of environment preservation | 3.96 | High level |
| b) Report of environmental audit | 4.10 | High level |

| Non-Financial Information Item by Category | Mean Score | Level of Disclosure Importance |
|--|------------|--------------------------------|
| Society | | |
| a) <i>Sadaqah</i> /Contribution | 4.47 | High level |
| b) Involvement in community activities | 4.15 | High level |
| c) Public financing in healthcare, culture, sports etc. | 4.18 | High level |
| Accounting Policy and Accounting Changes | | |
| a) Significant policy of accounting and reporting | 4.68 | High level |
| b) Specific policy of accounting for <i>waqf</i> | 4.74 | High level |
| c) Valuation method | 4.69 | High level |
| d) Highlights on changes and their justifications | 4.62 | High level |
| e) Highlights on error and statement on corrections | 4.59 | High level |
| Waqf Highlights | | |
| a) Key points of current fatwa related to <i>waqf</i> | 4.60 | High level |
| b) Report of <i>waqf</i> management performance | 4.56 | High level |
| 'Ain Perpetuation of Waqf Asset | | |
| a) List of <i>waqf</i> assets that involve 'ain perpetuation | 4.55 | High level |
| b) Information on how 'ain is preserved (e.g. maintenance and renovation/modification) | 4.43 | High level |
| c) Monitoring of supervision of <i>waqf</i> management | 4.44 | High level |
| d) Type of approved <i>waqf</i> lease | 4.42 | High level |
| Istibdal (exchange) of waqf assets | | |
| a) Members of <i>Istibdal</i> Committee | 4.38 | High level |
| b) Qualification and experience of the committee members | 4.26 | High level |
| c) <i>Istibdal</i> Policy | 4.51 | High level |
| Development/Investment of waqf assets | | |
| a) Policy of development/investment | 4.63 | High level |
| b) Development/Investment Committee | 4.48 | High level |

Within the category of “*waqf* highlights” (i.e the second most important information category as shown in **Table 3**), the respondents perceived the information that shows the key points of current *fatwa* related to *waqf* is more important for disclosure in comparable to report of *waqf* management performance. Meanwhile, within the third most important information category that is the category related to *waqf* assets development, the information regarding the policy of development and investment was perceived by the respondents to be more important information item that need to be disclosed as compared to information that describes the development/investment committee.

The least important information category for disclosure as summarised in **Table 3** is the category related to employee and employment. Within this category (as shown in **Table 4**), the item rated as the most important information for disclosure is the information about code of conduct or standard operating procedure followed by the information related to employee benefits. The majority of information items within this category are classified as having intermediate level of disclosure importance. The second least important for disclosure is the category of “environment” where the information that provides report on environmental audit was regarded as the most important item.

The summary provided in **Table 3** also shows that amongst the first four information categories in relation to *waqf* institutions, the most important information category that need to be disclosed is the category of “basic information about the institution”. Within this category (see **Table 4**), the respondents considered the most important information item for disclosure is the information that describes the key roles of institution as *mutawalli*. This indicates that for the stakeholders to understand the accountability obligation of the SIRC’s they need to really understand the role of a *waqf* trustee or *mutawalli*. In terms of the committees that have been set up by *waqf* institution, the information category of the *fatwa* committee is regarded as the most important disclosure item where within this information category, the respondents were more interested in knowing the details about the *fatwa* committee members.

Amongst the information categories that link the institution with external matters, the information category of “related party transactions” was regarded as the most important information category that need to be disclosed. Comparing society and environment, the information that indicates the relationship between *waqf* institution and the society is clearly more important to be disclosed. The respondents also recognised the disclosure importance of information category related to *waqf* assets development and investment. Within this information category, as shown in Table 4, the respondents concerned more on the policy of development and investment of *waqf* assets as compared to the information about the respective committee. This is probably because in order to assess the development and investment of *waqf* assets, a clear understanding of the policy is indeed important.

Following Bahril and Wahid’s (2012) (see **Table 2**), the mean score results can be interpreted and categorised into three levels of disclosure importance namely low level, intermediate level and high level. As shown in **Table 4**, none of the information items can be categorised as low level of disclosure importance (mean scores 1.00 to 2.40). Out of 61 non-financial information items, only 5 items are categorised as having intermediate level of disclosure importance (mean scores of 2.41 to 3.80) and all of them are within the category of “employee and employment”. The rest of the information items are all at the high level of disclosure importance (mean scores of 3.81 to 5.00).

Overall, the most important item for disclosure is the information related to specific policy of accounting for *waqf*. Amongst the information items at the top ten highest level of disclosure importance, four out of ten items are related to accounting which indicates the importance of narrative information to explain and justify accounting figures or financial information particularly those related to *waqf*. Moreover, respondents were also concerned about the progress of development and investment of *waqf* assets and wanted to know more about the stand of the institution as *mutawalli* regarding this matter. In order to clearly understand the accounting for *waqf*, respondents also perceived the information about *fatwa* that gives implication to accounting treatment as very important to be disclosed. In addition, the disclosure of basic information about *waqf* institutions, their internal control and governance are indeed significantly important to understand whether the institutions have fulfilled their obligations as trustees to the *waqf* donors and their beneficiaries specifically. In sum, the findings support prior studies (Rosnia & Zurina, 2013; Ihsan & Adnan, 2009; Che Azmi & Hanifa, 2015) whereby to discharge greater accountability, disclosures need to be comprehensive to demonstrate the extent to which the institution’s commitment to *shariah* has been translated into actions and outcomes including proper management and accounting of *waqf* assets and commitment to fulfil social obligations. For this purpose, the role of non-financial information is undoubtedly important.

CONCLUSIONS

This paper argues the importance of non-financial information as additional element to financial information to be disclosed in financial reports of Islamic-based organisations such as *waqf* institutions for discharging greater accountability. As a trustee, a *waqf* institution is accountable to Allah SWT and to *waqf* donors and their beneficiaries in particular and generally to the society at large. It is argued that the discharge of this greater accountability obligation could be realised through the medium of reporting such as financial reports which disclose relevant comprehensive information including non-financial information. Since accountability requires explanation and justification of conducts, the disclosure of non-financial information is indeed necessary, particularly to provide explanation about the management of *waqf* and justification of its performance in the context of *waqf* institutions as trustees. This paper has provided a list of non-financial information that is necessary to be disclosed by *waqf* institutions. This paper has also identified the information disclosure importance as perceived by groups of people who are directly involved in preparing the financial reports, who

have vast knowledge of *waqf* management and reporting as well as those of other stakeholders of *waqf* institutions. The study findings may be useful in guiding the relevant institutions particularly the *waqf* institutions to decide on the disclosure of non-financial information items for the purposes of discharging the institutions' accountability as trustees.

Our study however is not without its limitations. The study focused only on financial reports as the main medium to discharge accountability. Other means of reporting through which accountability may also be discharged including reports on *waqf* institutions' websites, printed or online media such as newspapers and circulars, as well as service performance report or executive report separately published by the institutions were not examined. In addition, the study did not examine the perceptions of *waqf* donors and their beneficiaries and the general public. Future research may broaden the scope of study by identifying disclosure needs of broader groups of stakeholders including *waqf* donors, *waqf* beneficiaries as well as the public and determining the extent and quality of non-financial information disclosure in the financial reports of *waqf* trustees. The context of this study may also be extended to other institutions that manage *zakat* and *baitulmal* as well as other Islamic-based organisations such as mosques and charity-based organisations in Malaysia and other Muslim countries.

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