

## Transparency and Accountability of Financial Report at Surabaya Al Akbar National Mosque

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### Abstract

This study is conducted to understand meaning of transparency and accountability of financial report at Surabaya Al Akbar national Mosque. This study is a descriptive qualitative study with phenomenological transcendental approach. The research location is Surabaya Al Akbar National Mosque. Data is gained by interview from 12 (twelve) keys informant as communities, donor, administrative section head, treasury, secretary, and mosque staff. Data validity testing is taken by triangulation technique and the analysis method uses intentional analysis, epoche, and eidetic reduction steps. The study result concludes that Surabaya Al Akbar National Mosque applies the basic standard of PSAK No. 45 year 2011 about nonprofit organization including financial position report, activities report, money supply report, and notes for financial report. This practice application is guaranteed by good faith quality values as *amanah*, *istiqomah*, *uswah*, *mas'uliah*, and *liljami'il-ummah* as behavior orientation for mosque organizer, skillfully human resources in organization structure, community role, and acknowledgment by quality management system ISO 9001:2008. Accountability principal is part of worship by vertical and horizontal responsibility pattern. The vertical pattern to supervisor agency, East Java Government, and Allah SWT to get His blessing. The horizontal pattern is tended to mosque donor and society. Transparency principal is done by providing clear information about the procedures, costs, and responsibility of mosque organizer agency and giving ease access to financial report information, complaint mechanism arrangement, and improving information through cooperation with public medium. However, financial report has not audited yet by independent auditor. It decreases the value of accountability and transparency of financial report itself.

**Keywords:** accountability, Allah's blessing, mosque, phenomenological, transparency.

### INTRODUCTION

Religious organizations are nonprofit organizations. These organizations are not founded from profit. Growing development of Muslims and mosques in Indonesia need funds to support all activities and operational costs of mosque. The funds are needed to support the religious activities, facilities and infrastructure, as well as the construction and renovation of mosque itself. It is appropriate that mosque as a non-profit organization also pays attention to issue of financial recording and reporting.

The financial accountability of mosque organization rests on strength of internal control system and performance of organization's financial management. It must be developed specifically according to specific characteristics of mosque organization. Risk assessment and determination of control activities will become keys to develop an internal control system. The financial accountability of nonprofit organizations will also be largely determined by several factors to support performance of other processing, i.e. human resources, infra structure, and financial management tools. All of these elements must be systematically understood and developed, as an effort to sustain organizational sustainability and, ultimately, as part of strengthening the position and role of civil society in Indonesia.

The mosque as a non-profit organization must and entitled to report to users of interested parties. This is natural life and development of a mosque organization is derived from donations, alms, or other forms of social assistance. Organizations should open themselves to general public to get correct, honest, and non-discriminatory information, at least with members of such religious organizations. Information can be accessed by anyone using a specific mechanism, so as not to be misused by those who intend badly against the organization. This consequence becomes an obligation that must be fulfilled because the accountability of mosque organization will greatly affect the level of public confidence to organization mosque itself.

Some people including mosque officials (*ta'mir*) have conveyed financial information related to donation report (amount donated) to public (pilgrims) because it is considered will damage the value of sincerity for donors who donate solely to seek ridho Allah Almighty. However, it is not uncommon for some other people to view the need to report who and amount of donations coming from donors, so that information on financial position is clear, transparent and accountable. Such a dilemmatic situation causes the boarders to finally feel unnecessary to report donors.

Surabaya Al Akbar National Mosque is one of most famous mosques in Surabaya city, not only because of its strategic location in city center and grandeur building but also this mosque has a vision to develop itself as a mosque that also provides services and solutions to people needs. Surabaya Al Akbar National Mosque is a

national-level mosque with vision to develop *da'wah* and *syiar* Islam, education, socio-culture and reliable management to people who *berakhlakul karimah* according to teachings of Islam. To realize the vision, it is applied the principle of professional management which means that all work oriented worship with skilled personnel in their field. The pilgrims are expected not only to fulfill the ritual affairs of worship, but also become the center of economic potential development of *ummah* as Nabawi Mosque in time of Prophet, to be a solution center for people.

Basis understanding the vision and mission of Al Surabaya Akbar National Mosque makes the mosque's finance also become a priority or part that should always be put forward in management. Management is not only from the raising and usage, but also from the financial reporting. It should also be appropriate if Surabaya Al Akbar National Mosque will always report its financial condition periodically while maintaining its transparency and accountability. This is consistent with management efforts of Surabaya Al Akbar National Mosque which oriented to worship solely seeking the pleasure of Allah Almighty.

Mosque organizations are often becomes focus of public concerns about the disclosure of donation funds donated by donors. The mosque managers should conduct periodic, transparent and accountable financial reporting. The credibility of this mosque organization will certainly be able to increase public confidence that will open the opportunity to increase the number of donors. Based on this exposure, the purpose of this study is to understand meaning of transparency and accountability of financial statements of Surabaya Al Akbar National Mosque.

### PHENOMENOLOGY AS AN APPROACH

The qualitative approach or naturalistic paradigm of naturalistic paradigm is chosen in this study because of qualitative research is a method to explore and understand the meaning of social problems. This research uses interpretive paradigm. Burrell and Morgan (1979) in Triyuwono (2006) defines interpretive paradigm as a paradigm that has philosophical and sociological ideas to understand and explain social world from the point of view the perpetrator who intersects with the phenomenon.

The interpretive paradigm seeks to uncover the transparency and accountability of Surabaya Al Akbar National Mosque as a social reality formed and maintained by certain individuals as well as and how they interpret it. Generally, this research seeks to get a deep understanding of transparency and accountability meaning of Surabaya Al Akbar National Mosque in form of a real reality of financial statements.

The researchers used transgenerational phenomenology from Husserl as an approach to activities undertaken by Surabaya Al Akbar National Mosque. The researcher tries to study the structure types of consciousness consisting of perception, ideas, memory, imagination, direct experience of informants through consciousness. Researchers will attempt to describe the object by taking a continuous approach with parties concerned related to transparency and financial accountability of Surabaya Al Akbar National Mosque.

This study has some key informants. They are people who provide information about the situation and condition of research background (Moleong, 2006). The determination of key informants was done by purposive sampling, i.e. techniques to select persons based on certain criteria. This technique was chosen for research that prioritized the depth of data, rather than for generalizable repetitive purposes (Krisyanto, 2007).

Key informants can provide information related to transparency and accountability of financial reporting of Surabaya Al Akbar National Mosque. All 12 key informants have status of pilgrims, donors, Head of Section, Head of Field, Treasurer, Secretary, and Mosque Employees.

This research needs secondary and primary data. Secondary data is derived from the documentation of researchers such as the results of shooting through observation of research location; documentation of interviews with key informants; documents from interviews and previous books and research papers. Primary data is obtained directly from the subject or key informant in verbal form or speech on understanding, views, thoughts, experiences, and feelings of key informants about the financial transparency and accountability of Surabaya Al Akbar National Mosque. The data collection methods of of this research are (1) in-depth interview, (2) participant observation, and (3) study of document.

The triangulation conducted in this research by following way. First is two way data triangulation, which is data between time for each site and site. Data between times is done by matching the verbal expression obtained from the in-depth interview with each informant from time to time to produce consistent information. Triangulation between sites combines and analyzes the information obtained from informants to find matches on emerging themes. Second, theory triangulation is done by comparing the results obtained in field with existing theories. Third, triangulation of data retrieval technique is done by aligning the results obtained from data collection techniques by of in-depth interview, observation and documentation support.

The analysis stages of phenomenology approach in this research are done by intentional analysis, Epoche, and Eidetic Reduction. Intentional analysis is done to combines the object of perceived (*noema*) and subjectivist understanding (*noesis*) on research object through notes, reports, perceptions of competent individuals with transparency issues and accountability of financial statements at Surabaya Al Akbar National Mosque.

Epoche is used to get as much as information from informants to explore the data related to transparency and accountability of financial statements at Surabaya Al Akbar National Mosque. Researchers consistently bring the information subject related to financial statement transparency and accountability of Surabaya Al Akbar National Mosque.

Eidetic Reduction is used to sort out the important and unimportant matters as the next reference in discussion. The collected data is filtered in according to research needs, in this case related to transparency and accountability of financial statements of Surabaya Al Akbar National Mosque.

### **MOSQUE ACCOUNTING IS NOT A DREAM**

Talking about the mosques organization cannot be separated from the existence of Islamic values and all forms of Islamic activity. The existence of accounting in a mosque organization will bring Islamic values as a behavioral guide for accountants. Islamic values will be the boundaries that will bring fear to sin when accountants are not good enough to manage people's funds. Accounting will become a tool and seasonings in improving *takwa* to Allah Almighty. This is actually expected to be realized in mosque organizations as a whole and especially in Surabaya Al Akbar National Mosque.

Accounting has a role in Islam as a tool to increase *taqwa* to Allah Almighty. Allah also revealed Surah al-Baqarah Verse 282 which contains the substance of honesty in terms of financial transactions. That is the meaning of Qur'an Surah Al-Baqarah Verse 282. The content of Qur'an in Surah Al-Baqarah verse 282 reflects that accounting in Islam is not new. Important accounting is used to make religious activities better, such as in places of worship (mosque) and trade markets. *Muamalah* itself comes from the word *aamala*, *yuamilu*, *muamalat* which means treatment or action against others, relationship of interests (Defender, 2009). *Muamalah* are *syara'* laws relating to world affairs and human life, such as trade and so forth (Munawwir, 2003).

Financial management at Surabaya Al Akbar National Mosque clearly requires accounting. It is expected to provide financial information for benefit of decision-making for progress and development of Surabaya Al Akbar National Mosque. In addition, this financial information becomes performance benchmark of mosque board. Until now, application of accounting at Surabaya Al Akbar National Mosque does not have problems and running as expected. It proves the existence of receipt and expenditure reports of funds or cash are well ordered. It certainly cannot represent that accounting application at Al Akbar National Mosque of Surabaya well overall. Accounting practices should be accountable and transparent, especially in mosque organizations such as Surabaya Al Akbar National Mosque.

Surabaya Al Akbar National Mosque is a non-profit organization that must use certain standards or rules to prepare financial statements. Surabaya Al Akbar National Mosque certainly does not want to be part of other mosque organizations that mostly only deliver very simple financial reports. Financial statements of mosque organization is frequently only in form of daily balance to record daily cash outflow to be prepared in form of monthly financial reports. This is certainly cannot provide information clearly and firmly to public related to financial condition of the mosque. Lack of information that can be submitted by these very simple financial statements does not rule out the possibility will lead to prejudice and slander against the mosque officials related to funds usage.

The financial reporting of Surabaya Al Akbar National Mosque has been using the standard as stipulated in Statement of Financial Accounting Standards (PSAK) No. 45 Year 2011 on Nonprofit Organization. The practice to prepare financial statements seeks to provide financial information through the components as set out in PSAK 45. The implementation of financial reporting is assisted by Software Program but the components of financial report at Surabaya Al Akbar National Mosque have included statement of financial position, activity report, cash flow statement and notes to financial statements.

The accounting cycle of Surabaya Al Akbar National Mosque shows the existence of recording activity as the process to record all transactions or economic events at Surabaya Al Akbar National Mosque. The record is done in a media called a diary or a daily journal. Classification is the process of classifying transactions at Surabaya Al Akbar National Mosque which has the same account into ledger and auxiliary book. The summarization process or incorporating balances from a ledger into a work sheet is used to facilitate the preparation of financial statements and also minimizes recording errors after adjustments made at end of each period. Reporting is the process to transfer the existing transactions in work sheet into accounting standard formats, i.e., financial position (balance sheet) reports, activity reports, cash flow statements, and notes to financial statements.

### **ACCOUNTABILITY AND TRANSPARENCY AS PART OF WORSHIP**

The existence of mosque cannot be separated from the funds management derived from charity or donations of people who do not expect any reward from the organization. However, it does not mean that public does not attach importance to accountability and transparency of religious organizations board. The accountability and transparency is important for Surabaya Al Akbar National Mosque.

Accountability and financial transparency in financial management especially mosque organization cannot be separated from the role of accounting actors. Human as accountants have an absolute role to make a financial statement is really honest or vice versa. Both are an option, both have an opportunity to happen. In fact, there is temptation for accounting actors until there is an inner dilemma when there is intention to commit fraud. Fraudulent financial statements are often also known as cheating management because generally these cheats are committed by management and frequently this happens without the knowledge of employees. Management is in a strategic position in accounting decisions making and reporting without having to know the employees.

Surabaya Al Akbar National Mosque set the values of Islamic *aqidah* as the Guidance of Employee Behavior. They are *Amanah*, *Istiqomah*, *Uswah*, *Mas'uliah* and *Li jami 'il-Ummah*. *Amanah* means the board is trusted in carrying out the vision of Surabaya Al Akbar National Mosque as a national reference in *da'wah*, worship, education and management towards civil society. *Uswah* is an example of other mosques in various aspects of life. *Mas'uliah* meaning that every step and decision of board of Surabaya Al Akbar National Mosque can be accounted before God, people and stakeholders. *Li Jami'il-Ummah* refers to notion that every practice of worship is acceptable to all Muslims, according to *syara'* and prevailing laws and regulations.

The fact shows that fraudulent financial statements almost never happened, either intentionally or unintentionally, both at director's board level (management) and among employees of Surabaya Al Akbar National Mosque. This is a proof the existence of board awareness in its role as the bearer of people mandate to manage the funds properly.

The responsibility pattern of Surabaya Al Akbar National Mosque is vertical and horizontal. Vertical accountability is the accountability of funds management to higher authorities, namely the Supervisory Board of Surabaya Al Akbar National Mosque and Government of East Java Province. Vertical accountability is a responsibility to God Almighty. Horizontal accountability is accountability to wider community, especially the users or recipients of Surabaya Al Akbar National Mosque. Both patterns of accountability are an important element of public accountability process.

Efforts of Surabaya Al Akbar National Mosque to improve transparency can be measured at least through a number of indicators. First is to provide clear information on procedures, costs and responsibilities. Second is easy access to information. Third is to establish a grievance mechanism if any regulations are violated and fourth is to increase the information flow through cooperation with mass media and non-governmental organizations. The principle of mosque transparency can provides information about the existing mosque. Clear mechanisms and rules to get are made appropriately in order to improve the principle of transparency itself.

Reality shows that during this financial report the Surabaya Al Akbar National Mosque has never been examined by an independent auditor. This has certainly reduced the accountability of financial statements. Although the mosque audit is limited to development and renovation activities, it will not hurt when the audit is implemented to audit the financial activities of mosque because it does not rule out the misappropriation of funds by some unscrupulous mosque administrators. Therefore, audit of this mosque can reveal misappropriation of funds, if there is no any misappropriation of mosque funds; at least it will provide transparency of fund management to increase public confidence to mosque *ta'mir*.

## CONCLUSION

It can be concluded that accounting practice of Surabaya Al Akbar National Mosque uses standards as regulated in Financial Accounting Standards Statement (PSAK) No. 45 Year 2011 on Nonprofit Organization. The financial statements include the statement of financial position, activity report, cash flow statement, and notes to financial statements.

The behavior of accounting practice at Surabaya Al Akbar National Mosque is guaranteed by quality of good faith supported by organizational structure of competent human resources. The quality of faith that influences this accounting practice departs from the determination of values of *Amanah*, *Istiqomah*, *Uswah*, *Mas'uliah* and *Li jami 'il-Ummah* as the Code of Conduct for Mosque Managers.

Accountability principles of accounting practice at Surabaya Al Akbar National Mosque are seen as part of worship. The accountability pattern is vertical, to National Supervisory Board of Surabaya Al Akbar National Mosque, East Java Provincial Government, and Allah Almighty as an effort to get His blessings, while the horizontal accountability is to mosque and community donors.

Transparency implementation at Al Akbar National Mosque's financial statements is done by providing clear information about the procedures, fees, and responsibilities of Mosque Management Board, providing easy access to financial statement information, preparing complaints mechanisms in case of regulations violation, and improvement Information flow through cooperation with mass media and non-governmental organizations. Nevertheless, financial report of Surabaya Al Akbar National Mosque has never been examined by an independent auditor which certainly reduces the financial report accountability value of Surabaya Al Akbar National Mosque.



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## GLOSSARY

*Amal*: Good deed, in this case is worship as devotion to Allah Almighty, like prayer and zakah.

*Amanah*: Trustworthy.

*Aqidah*: Basic beliefs of Islam.

*Berakhlakul Karimah*: Good character, good behavior.

*Da'wah*: Broadcasting of religion and its development among society; calls for embracing, studying, and practicing Islam religious teachings.

*Istiqomah*: Consistent.

*Liljami'il-Ummah*: Every practice of worship can be accepted by all Muslims, according to the rules and the prevailing laws and regulations.

*Mas'uliah*: Every step and decision can be held accountable before God, people, and stakeholders.

*Muamalah*: Islamic law 'related to world affairs and human life, such as trading, trade, debt and so on.

*Noema*: Something accepted by human senses; are fixed and accompanied by accurate proofs.

*Noesis*: The ideal side of the object in our mind, not the real object.

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*Syara*': Islamic norms of life.

*Syiar Islam*: Glorifying Islam, raising Islam; example: the voice of adzan at every time of prayer is one of the syiar of Islam.

*Takwa*: Maintained to keep the commandments of God and keep away from all His prohibitions.

*Ta'mir*: Mosque organization manager.

*Ummah*: Moslem people

*Uswah*: The example of other mosques in various aspects.

*Yuamilu*: Treatment or action against others; interest relationship.