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WAQF INTEGRATED REPORTING (WAQIR) MODEL

INTRODUCTION

The development of *waqf* institutions is consistent with the requirements of *maqasid shariah*. Ibn ‘Ashur has defined *maqasid shariah* as the meaning and secrets that can be understood from the Islamic *shariah* in the whole or part of the *shariah* process (Rahman, 2015). It can be categorized into three, via: (i) necessities (*dharuriyyat*); (ii) convenience (*hajiyyat*); and (iii) refinement (*tahsiniyyat*). There are five elements under necessities (*dharuriyyat*) consisting of religion, life, mind, offspring and wealth. Laldin et al. (2012) had discussed *maqasid shariah* in *waqf* context whereby it is under the protection of wealth (*hifz al-mal*). Muslims need to preserve, maintain and manage the economic and financial development parallel with *shariah* law including *waqf* management.

The *hujjah* of *waqf* are to address ignorance, poverty, ill-health and creation of wealth. *Waqf* has demonstrated remarkable records as shown in historical developments in addressing the prevailing problems at that time. *Waqf* institutions has played a major role in providing social goods such as education and health, public goods (roads, bridges and national security), helping the poor, orphans and the needy, built commercial businesses, utilities (water and sanitation), infrastructure for religious services (building and maintenance of mosques and graveyards), creating employment, supporting agricultural and industrial sector without imposing any cost to the government (Mohsin, 2008).

Learning from the successes of the past, it is believed that *waqf* has great potentials in solving the problems faced by the *ummah* today. *Waqf* has a built-in dynamism to contribute to the socioeconomic development of the *ummah*. The dynamism of *waqf* is inherent in its basic characteristics viz. permanence and inalienability. All the schools of *shariah* "have stressed the importance of the creation of a *waqf* which had played an important role in ameliorating poverty and in furthering learning in the past and it is expected to play its role in the future provided this institution is reactivated and its management is placed on the sound footing" (Kahn, 2003). Besides, *waqf* is one of the mechanisms for wealth creation and distribution developed based on Islamic teachings and principles.

However, lately in Malaysia, as elsewhere, there has been an increased public interest in *waqf* institutions transparency, particularly concerning their outcome, impact, effectiveness and efficiencies. The public has continued to demand the best standard of services and greater transparency. Besides, a number of recent cases on Islamic faith-based institutions in Malaysia were reported in the local media that has given rise to a big question especially on the accountability of Islamic faith-based institutions including *waqf* institution. These include 39 reports on manipulation and misappropriate use of public funds during flood crises in 2015 received by the Malaysian Anti-Corruption Commission (MACC) (*Astro Awani*, 2015). Moreover, there were allegations and negative perceptions regarding the spending method, which became one of the factors for the cancellation of contributions by 32,934 regular donors to Yayasan Pembangunan Ekonomi Islam Malaysia (YAPIEM), an Islamic organisation in Malaysia from February 2015 until February 2016 (Teng, 2016). Moreover, there were many Islamic non-profit organisations that focus on humanitarian aids including the one who are based in Malaysia accused of being involved in financing terrorism (Othman & Ameer, 2014). Last but not least, an arrestment of Islamic non-profit organisation's top management for embezzlement issue (Hassan, 2017).

In order to respond to the public interest, there is a need to examine the reporting practices by these Islamic faith-institutions in Malaysia. Specifically, this study aims to study and propose a *waqf* integrated reporting (WAQIR) model concerning financial and non-financial, governance, performance and socio-economic impact aspects. In the next section, *waqf* reporting aspects such as financial and non-financial, governance, performance and socio-economic impact are discussed. Based on the discussions and past research, a WAQIR model is proposed for *waqf* institutions reporting practices.

WAQF REPORTING

Current Waqf Reporting Practices in Malaysia

It is undeniable that reporting for *waqf* is still weak among *waqf* institutions especially in Malaysia. Besides, scholars and practitioners are still continuously debating the proper and suitable measurement that should be used in order to evaluate *waqf* institutions in Malaysia. However, it is not an easy task to define, conceptualise and measure *waqf* projects and activities (Arshad & Zain, 2017). This is due to the complexity of the measurement as non-profit organization including *waqf* institution focuses and emphasizes achieving their missions, in which the accomplishments are difficult to measure (Epstein & McFarlan, 2011).

Moreover, previous studies on *waqf* reporting show that there was no specific guideline in maintaining *waqf* reports, and there was no explanation of what kind of information should be provided by a *waqf* institution (Ihsan, 2007; Ihsan&Adnan, 2009; Nahar & Yacoob, 2011). Furthermore, general accounting standards such as International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), and even Islamic reporting standard such as *Financial Accounting Standard (FAS)* issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and local Islamic reporting standards such as *Financial Reporting for Islamic Banking Institutions (FRIBI)* issued by Bank Negara Malaysia (BNM) and *Technical Release (TRi-3): Presentation of Financial Statements of Islamic Financial Institutions* issued by Malaysian Accounting Standard Board (MASB) are not wholly appropriate especially for *waqf* reporting. Hence, depending solely on current accounting and reporting standards for *waqf* reporting is proven to be problematic as it leads to measure the performance based on financial numbers which are insufficient for *waqf* institutions (Nahar & Yacoob, 2011).

Therefore, there is a need for more comprehensive *waqf* reporting to ensure financial and other information are communicated to the *waqf* stakeholders' in an effective and transparent manner. Information disclosed are what the stakeholder's desire rather than what *mutawalli* (*waqf* manager) want to disclose. In order to remain relevant and trusted, non-profit organizations including *waqf* institutions need to have the capabilities in evaluating and measuring their own performances(Medina-Borja & Triantis, 2006). This is due to positive relationship between fundraising activities with performance and impact including *waqf* (Said et al., 2013; Sulaiman et al., 2008; Siciliano, 1996).

Next, the discussion on the best *waqf* reporting practices is divided into four aspects, which are: (i) financial and non-financial disclosure; (ii) governance disclosure; (iii) performance disclosure; and (iv) socio-economic impact disclosure.

Financial and Non-Financial Disclosure

It is undeniable fact that financial and non-financial disclosure is important for organisations including for *waqf* institutions. The importance of comprehensive report which consists of financial and non-financial information has been highlighted by Hooks et al. (2012). In order to have such comprehensive report, there are five financial and non-financial information components that need to be reported, which are (i) corporate information; (ii) strategic information; (iii) financial reviews and highlights; (iv) financial information (income statement, balance sheet and other financial statements); and (v) non-financial information (Masruki et al., 2016). The following Table 1 list all 57 proposed financial and non-financial information indicators for the best *waqf* reporting practices.

Table 1: Financial and Non-Financial Information Measurements for the Best *Waqf* Reporting Practices

Corporate Information	
1.1	Establishment and operation
1.2	Purpose and objectives
1.3	Structure of organisation
1.4	Board of directors
1.5	Ethical operational policies
1.6	Personnel
1.7	Personnel development
1.8	Governance information
Strategic Information	
2.1	Chairman report
2.2	Performance and achievement
2.3	Summary facts and figures
2.4	Government borrowing/grants/guarantee
2.5	Forward-looking information
2.6	Statistics
Financial Review and Highlights	
3.1	Financial review
3.2	Investment
3.3	Actual to budget comparison
3.4	Financial performance ratios
3.5	Administration expenses/total expenses
3.6	Program expenses/total expenses
3.7	Net rental income and expenses/rental income
3.8	Investment income/average investment
3.9	Expenditure by activities/income by activities
Income Statement	
4.1	Revenue by source of funds
4.2	Revenue by services rendered
4.3	Other incoming revenue
4.4	Total revenue

4.5	Expenditure by services
4.6	Expenditure by functions
4.7	Administration and governance costs
4.8	Total expenditure
4.9	Other recognised gains/losses
4.10	Surplus/deficit
4.11	Total fund brought forward (bf)
4.12	Total fund carried forward (c/f)
	Balance Sheet
5.1	Total Non-current assets at cost
5.2	Long-term investments
5.3	Long-term debtors
5.4	Current assets
5.5	Current liabilities
5.6	Long-term liabilities
5.7	Deferred liabilities
5.8	Deferred credits from government grants
5.9	Reserves
	Other Financial Statements
6.1	Statement of Assets and Liabilities
6.2	Statement of cash flows
6.3	Notes to the accounts
6.4	Audit Certificate
6.5	Auditor index rating
	Non-Financial Information
7.1	Performance target and objectives
7.2	Input
7.3	Output
7.4	Outcome
7.5	Efficiency
7.6	Effectiveness
7.7	Productivity measures
7.8	Beneficiaries/*Waqif*'s satisfaction measures

Compared with for-profit entities who are obliged to produce financial reports compliant with international financial reporting standards, non-profits are exposed to ‘minimal’ regulation and ‘under-developed’ financial reporting requirements (Cordery & Baskerville, 2007).

Conceptually, Ihsan and Ayedh (2015) studied *waqf* governance structure to promote *waqf* managers accountability when managing *waqf*. They examined governance and accountability in *waqf* by: (i) reviewing the discussion on governance and accountability in *waqf* institution; and (ii) examining the *tawhid* theoretical underpinnings relating to Islamic accountability and governance that builds up upon the concept of (one of God), *amanah* (accountability), *adalah* (fairness), and *syura* (collective/consultative decision-making). Their study on *waqf* governance is exploratory and conceptual in nature, which is deficient of the discussion on *waqf* governance and performance mechanisms.

In this case, several factors are identified as crucial elements in governance reporting including for *waqf*. These factors include board background and composition, systems, procedures, objectives and goals (Yasmin & Haniffa, 2017). For instance, board composition such as board size, board professionalisms and also board members with political connection significantly affects accountability for *waqf* institutions (Arshad et al., 2012). Moreover, limited financial management background among board also make them difficult to understand and improve organisation’s financial performance (Siciliano, 1996). In addition, number of meetings by board members also influenced decision making quality as time taken expended by board members to reach good financial decision making (Scholten et al., 2007).

Besides, establishment of codes of conduct is also related with good governance practices in *waqf* institutions. By complying with codes of conduct set by *waqf* institution (self-regulation), it will increase stakeholders’ trust and confidences *waqf* is managed accordingly and not being misused (Lee, 2004; Lloyd, 2005). In addition, standards and guidelines in managing *waqf* fund are also believed to give significant impact toward good governance practices by *waqf* institution. Therefore, Table 2 shows proposed governance indicators based on previous studies for the best *waqf* reporting practices.

Table 2: Governance Indicators for the Best *Waqf* Reporting Practices

No.	Waqf Indicators	Past Studies
1	Roles and responsibilities of the *waqf* institution	SC (2017); Yasmin & Haniffa (2017)
2	Code of conduct and ethics of the *waqf* institution	SC (2017)
3	Reporting structure of the *waqf* institution	Yasmin & Haniffa (2017)
4	Board members' background of the *waqf* institution	SC (2017); Abdullah (2015)
5	Board's nomination, composition and remuneration of the *waqf* institution	SC (2017); Abdullah (2015)
6	Audit committee report of the *waqf* institution (including risk management and internal control statements)	SC (2017)
7	Direction and strategic vision of the *waqf* institution	Noor et al. (2014)
8	Establishment of *shariah* committee board in *waqf* institution and *shariah* committee report	Masruki& Shafii (2013); Noor et al. (2014)
9	Appointment of external auditor and independent auditor report	Noor et al. (2014)

Table 3: Performance Indicators for the Best *Waqf* Reporting Practices

No	Ratios	Description	Indication	Literature
1	Program Efficiency	Programme expenses to total expenses	Recommended ratio is 65%. Low ratio indicates that fewer beneficiaries receive the assistance or the total expenses are much too high. Higher ratio indicates that more expenses are disbursed to run programs.	Sulaiman et al. (2009) Shafii et al. (2014)
2	Cash Availability	Cash and bank balances to total assets	Indicate the amount of idle cash and bank balances. The higher the ratio tells that the organization maintain high amount of idle cash.	Shafii et al. (2014)
3	Return of Investment	Investment income to average investment	Indicate the return of investment on *waqf* assets.	Sulaiman et al. (2009)
4	Fundraising Efficiency	Total fundraising expenses to total funds raised	Indicate the extent to which the organization is able to generate surplus from the donation.	Sulaiman et al. (2009) Shafii et al. (2014)
5	Operating Income	Core income to expenses	Indicate the extent to which the income generated from core activities.	Shafii et al. (2014)
6	Objective Achieved Index	Disbursement (output) to proceeds (input)	Indicate the degree of achievement that *mutawalli* has fulfilled *waqif* designated objectives. If the ratio is closer to one, this indicates that there is a balance between disbursement and proceeds.	Hossein Pirasteh (2011)
7	Expected Income Achieved Index	The balance remaining for the year to total earning	Indicate better income acquisition if the ratio is close to one.	Hossein Pirasteh (2011)

8	Equity Balances	Ratio of equity to revenue	Indicate financial sustainability if the ratio is high.	Sulaiman & Zakari (2015)
9	Revenue Concentration	Square of the percentage share that each revenue source represents of the total revenue	Indicate that organization has equal revenue from diverse sources if each ratio is close to zero. Revenue that has ratio close to one show that it is dependent on one single source of income which is not healthy to the organization.	Sulaiman & Zakari (2015)
10	Administrative Efficiency	Ratio of administrative costs as a percentage of total costs	Determine the ability of the organization to control expenditure and impact of the control on service delivery.	Shafii et al. (2014) Sulaiman & Zakari (2015)
11	Operating Margin	Net income (or loss) divided by total revenue	Indicate the organization is financially stable if the ratio is high.	Sulaiman & Zakari (2015)
12	Income Growth	Income year n - Income year (n-1) divided by Income year (n-1)	Indicate the extent to which the organization is able to generate income from its activities from time to time.	Shafii et al. (2014)

Source: Arshad and Zain (2017)

From Islamic perspective, good governance practices are encouraged. This is based on the following hadith narrated by Ibnu Umar which is:

> *"...Holy Prophet (May be upon him) said: Beware. Every one of you is a shepherd and everyone is answerable with regard to his flock. The Caliph is a shepherd over the people and shall be questioned about his subjects (as to how he conducted their affairs). A man is a guardian over the members of his family and shall be questioned about them (as to how he looked after their physical and*

moral well-being). A woman is a guardian over the household of her husband and his children and shall be questioned about them (as to how she managed the household and brought up the children). A slave is a guardian over the property of his master and shall be questioned about it (as to how he safeguarded his trust). Beware, every one of you is a guardian and every one of you shall be questioned with regard to his trust..."

(Hadith No.4496, Book 20, Sahih Muslim).

Performance Disclosure

For *waqf* performance disclosure, both financial and non-financial performance indicators must be used (Arshad & Zain, 2017; Shafii et al., 2014). Unless performance measures are in place, it will be difficult for non-profit organization including *waqf* institution to answer criticisms on ineffectiveness and lack of impact (Connolly & Kelly, 2011). Therefore, Table 3 shows proposed performance indicators for the best *waqf* reporting practices.

From Islamic perspective, performance evaluation is encouraged. This is based on the following verse which is

"Say: Consider what is it that is in the heavens and the earth; and signs and warners do not avail a people who would not believe".

(Yunus, 10:101)

Based on the above verse, Islam encourages people or organisations to evaluate every activity in this world including *waqf* matters. This is to ensure that Muslims are learning and understanding how each thing in this world is created and how it functions. In this case, suitable performance measurements are used to evaluate *waqf* projects and activities in order to understand its impact on both social and economic settings. This is based on the following verses:

"And give full measure when you measure out, and weigh with a true balance; this is fair and better in the end"(Al-Isra' 17:35)."Surely We have created everything according to a measure"

(Al-Qamar 54:49).

Socio-Economic Impact Disclosure

Normally, there are five disclosure elements for socio-economic impact, which are: (i) input; (ii) output; (iii) throughput; (iv) outcome; and (v) impact (Arshad & Zain, 2017; Nordin et al., 2017; Shafii et al., 2014). Inputs consist of all possible elements needed in order to carry out *waqf* institution's objectives through its activities and programs. Evaluation on outputs refers to quantity and quality of products or services delivered. In the throughput stage, the performance evaluation includes both efficiency and effectiveness measures for *waqf* institution. Evaluation on outcomes relates to results of non-profits organisations that are linked to its objectives. Lastly, evaluation at impact stage is an evaluation on the consequences of organization's activities toward community targeted.

In addition, the result of inputs and outputs are referred to as the efficiency of *waqf* institution, while the result in evaluating throughputs, outcomes and impacts are referred as the effectiveness of *waqf* institution (Medina-Borja & Triantis, 2006). Efficiency of *waqf* institution is measured on how economically all resources are utilised in providing social and economic contributions. Meanwhile, effectiveness of *waqf* institution is measured on to what extent each *waqf* institution's objective and goal is achieved (Beamon & Balcik, 2008). The following Table 4 shows proposed socio-economic impact indicators for the best *waqf* reporting practices as suggested by Nordin et al. (2017).

Table 4: Socio-Economic Impact Indicators for the Best *Waqf* Reporting Practices

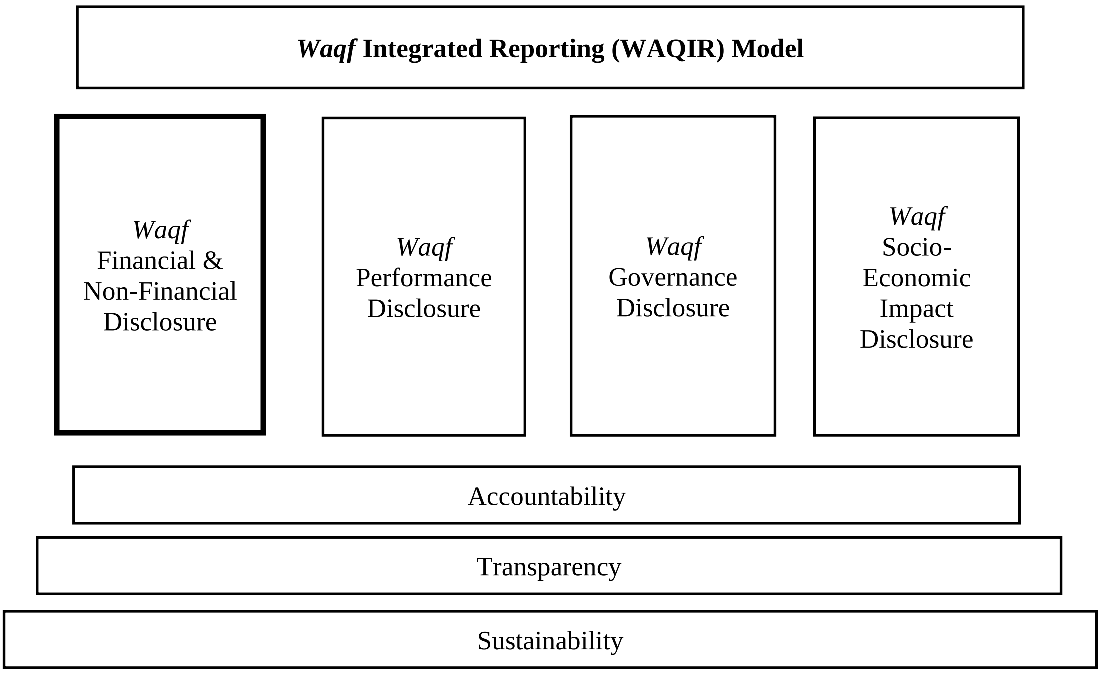
Inputs *What goes in*	**Activities** *What happens*	**Outputs** *What results - immediate*	**Outcomes** *What results – medium and long-term*	**Impacts** *What results - effects on root causes; sustained significant change*
Cash	Delivery of basic needs (e.g. foods, shelter and medical supplies).	People fed, treated and sheltered.	Improved living standard, health etc.	Constant declines in poverty.
Real Property	Construction of mosque, cemetery, road and hospital.	Infrastructure and hospitality built.	Increased income.	Islam is widespread around the world.
Equipment and Supplies	Provision of microfinance.	People trained and educated.	Expansion of Muslim community.	Strong Muslim brotherhood.
Knowledge (Modern and Islamic)	Sponsoring disabled, orphans and refugees.	Microenterprises formed.		Fair income distribution (reduced gap between rich and poor).
Technical Expertise	Awarding scholarship and research. Disaster and accident relief. Conducting training and educational programs. Sponsoring religious activities (*da'wah*, Islamic forum etc.)	Religious activities held.		Significant changes in social norms and attributes (social justice, freedom, governance, transparency etc. Achieving objectives of Islamic economic system.

Source: Nordin et al. (2017)

WAQF INTEGRATED REPORTING (WAQIR) MODEL

After earlier discussion, it can be summarized that there are four types of disclosures that need to be reported in order to achieve the best *waqf* reporting practices, which are: (i) *waqf* financial and non-financial; (ii) *waqf* governance; (iii) *waqf* performance; and (iv) *waqf* socio-economic impact. Based on the discussion, there are 57 indicators for financial and non-financial, 12 indicators for performance and 9 indicators for governance. Meanwhile, as for the socio-economic measure, it involves input (type of *waqf* activities, programs or projects), output (immediate result), outcome (impact), effectiveness (output to objectives), efficiency (input to output) and productivity (benefits to *ummah*). In view of the above measures, this research proposes the WAQIR model for best *waqf* reporting practice. The model is illustrated in the following Figure 1.

Figure 1: WAQIR Model



The WAQIR model consists of financial and non-financial, performance, governance and socio-economic impact disclosures that need to be used as tools to achieve accountability, transparency and sustainability. Previous studies on accountability in *waqf* institutions specifically in the Malaysian context such as by Ihsan (2007), Osman (2010) and Siraj (2012) agreed that *waqf* reporting is a crucial tool in order to discharge accountability by *waqf* institution towards its stakeholders. In this case, the *waqf* manager or known as *mutawalli* is responsible and accountable to the stakeholders. The *mutawalli* is responsible and accountable for all their actions and decisions made especially on waqf funds and assets.

Islam also emphasizes the notion of accountability. Man is a trustee of Allah's resources on earth. His prime duty is to safeguard all resources bestowed uponhim by Allah. As a *khalifah* on this earth, he is accountable to all actions and doings including managing *waqf* funds and assets (Ibrahim, 2000). As a *mutawalli*, he is accountable not only to the stakeholders but also to Allah. According to Hameed (2001), man also has primary and secondary accountabilities which are: (i) accountability to Allah (*hablum minallah*); and (ii) accountability among people (*hablum minannas*). This dual accountability concept is based on the following verse:

> *"Abasement is made to cleave to them wherever they are found, except under a covenant with Allah and a covenant with men, and they have become deserving of wrath from Allah, and humiliation is made to cleave to them; this is because they disbelieved in the communications of Allah and slew the prophets unjustly; this is because they disobeyed and exceeded the limits"*
>
> (Ali Imran 3:191).

In line with accountability, transparency can be achieved when *waqf* institutions disclose all relevant and needed information towards their stakeholders without hiding the truth. However, full disclosure does not mean that an organisation should disclose everything. It should disclose everything that is believed important and needed by both internal and external users from financial disclosures (Baydoun & Willet, 1997). In this case, Abdul Rahman (2003) explained that *waqf* institutions must disclose its financial information under four disclosure objectives which are: (i) avoiding *riba'*; (ii) obligation to pay *zakat*; (iii) social accountability; and (iv) full disclosure. The concept of transparency is emphasized in the following Quranic verse:

> *O you who believe! when you deal with each other in contracting a debt for a fixed time, then write it down; and let a scribe write it down between you with fairness; and the scribe should not refuse to write as Allah has taught him, so he should write; and let him who owes the debt dictate, and he should be careful of (his duty to) Allah, his Lord, and not diminish anything from it; but if he who owes the debt is unsound in understanding, or weak, or (if) he is not able to dictate himself, let his guardian dictate with fairness; and call in to witness from among your men two witnesses; but if there are not two men, then one man and two women from among those whom you choose to be witnesses, so that if one of the two errs, the second of the two may remind the other; and the witnesses should not refuse when they are summoned; and be not averse to writing it (whether it is) small or large, with the time of its falling due; this is more equitable in the sight of Allah and assures greater accuracy in testimony, and the nearest (way) that you may not entertain doubts (afterwards), except when it is ready merchandise which you give and take among yourselves from hand to hand, then there is no blame on you in not writing it down; and have witnesses when you barter with one another, and let no harm be done to the scribe or to the witness; and if you do (it) then surely it will be a transgression in you, and be careful of (your duty) to Allah, Allah teaches you, and Allah knows all things*
>
> (Al-Baqarah 2:282).

The above verse states that every transaction must be written to avoid injustice. All transactions must be transparent to all parties. Transparency is the key for openness in managing and reporting public affairs like *waqf* funds. Transparency allows stakeholders to gather information that may be critical to uncovering abuses and defending their interests (Chapra, 1992).

Last but not least, by achieving both accountability and transparency, it also will indirectly to achieve sustainability. As *waqf* institutions is a type of endowment, high accountability and sustainability will lead towards stakeholders' trust and this will help in sustainability matters. Basically, stakeholders will trust and continue to support *waqf* institutions as long as they keep on being accountable and transparent in their *waqf* management practices. The concept of sustainability is emphasized in the following Quranic verse:

“And if We had decreed upon them, "Kill yourselves" or "Leave your homes," they would not have done it, except for a few of them. But if they had done what they were instructed, it would have been better for them and a firmer position [for them in faith]”

(An Nisa’ 4:66).

CONCLUSION AND RECOMMENDATION

It is crucial for the management of *waqf* institutions to improve their current *waqf* reporting practices especially on financial and non-financial, governance, performance and socio-economic impact disclosure. For financial and non-financial disclosure, WAQIR model suggest for *waqf* institutions to disclose all 57 indicators proposed under 5 components, which are: (i) corporate information; (ii) strategic information; (iii) financial reviews and highlights; (iv) financial information (income statement, balance sheet and other financial statements); and (v) non-financial information. These financial and non-financial indicators are believed will be able to make stakeholders be informed on the current state of *waqf* funds and assets.

Table 5: Summary of *Waqf* Outcomes and Impacts Disclosed in MUIS Annual Reports

Projects	Measurements/Impacts
Enhancing the Community's Religious Life – Adult Islamic Learning (ADIL) Program	No. of mosques offering ADIL program No. of classes offering ADIL program
Strengthening Madrasah Education	Professional development hours provided Hours of weekly lesson plan discussions conducted No. of teachers completed Understanding by Design (UBD) training No. of teachers identified to be UBD pioneers
Supporting *Asatizah* Development	*Asatizah* registered on *Asatizah* Recognition Scheme (ARS) Hours of training
Strengthening Religious Resilience Via Quality Islamic Education	ADIL enrolment – increase in registration percentage Percentage of ADIL module satisfaction – enrich and relevant
Islamic Education for the Young	Young involved during the year
Assistance for Low Income Families	No. of families assisted *Waqf* spent for poor and needy families
Social Trust & Community Engagement – Harmony Centre	No. of visitors hosted during the year Percentage of non-Muslim visitors during the year Percentage of Muslim visitors during the year
Fostering a Culture of Blessings to All – F.A.I.T.H Project	No. of refugees benefited No. of backyard vegetable gardens growth No. of relief pack provided to refugees
Service Beyond Our Community – Lets Share a Meal Program (LSMP)	No. of residents received LSMP No. of volunteers involved with LSMP
Our Mosques – More Prayer Space Added	No. of new mosque built No. of prayer space (in capacity) added during the year
Asset Development –*Waqf* Education Fund (*WaqfIlmu*)	No. of *waqf* fund raised from public No. of investment return from *waqf* fund during the year No. of fund distributed toward beneficiaries during the year

Source: MUIS (2017)

Next, governance disclosure for *waqf* is also important as stakeholders will feel more confident with the mutawalli based on how they govern *waqf* funds and assets entrusted to them. In this case, WAQIR model lists nine governance indicators including (i) roles and responsibilities; (ii) code of conduct and ethic; (iii) reporting structure; (iv) board members' background; (v) board's nomination, composition and remuneration; (vi) audit committee report; (vii) direction and strategic vision; (viii) establishment of *shariah* committee board; and (ix) appointment of external auditor and independent auditor report. These governance indicators are believed to be able to make stakeholders understand on the current *waqf* management practices. Besides, *waqf* institutions also may refer to *waqf* guideline issued by Securities Commission of Malaysia (SC) (see **Appendix A**) in order to have the best *waqf* governance reporting practices.

Meanwhile, for performance disclosure, *waqf* institutions should adopt all 12 suggested performance indicators as proposed by WAQIR model, which are: (i) program efficiency; (ii) cash availability; (iii) return of investment; (iv) fundraising efficiency; (v) operating income; (vi) objective achieved index; (vii) expected income achieved index; (viii) equity balances; (ix) revenue concentration; (x) administrative efficiency; (xi) operating margin; and (xii) income growth. It is believed that these performance indicators will make stakeholders able to recognise the performance of *waqf* institutions in managing *waqf* funds and assets. Last but not least, for socio-economic impact disclosure, it is suggested for *waqf* institutions to disclose all *waqf* activities/programs/projects for all five reporting elements starting from input, output, throughput, outcome and impact as proposed by WAQIR model. It is believed that these socio-economic impact indicators will make stakeholders be informed on how *waqf* funds and assets are utilized by *waqf* institutions. In this case, examples on socio-economic impact disclosure by Majlis Ugama Islam Singapore (MUIS) on its *waqf* activities/programs/projects can be referred to, which are summarized in the Table 5.

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APPENDIX A: *WAQF* GUIDELINE, SECURITIES COMMISSION OF MALAYSIA

Guideline on *waqf* was issued by the SC in 2014. The guideline has set several criteria for retention of a licensed or supervised intermediary to professionally manage *waqf* assets. Such an intermediary must (i) adopt international best practices and standards, (ii) have technical knowledge and resources, (iii) must be subjected to strong governance providing adequate level of investor protection and (iv) must have an established technology infrastructure. The SC has also come up with a range of principles and recommendations to be implemented by the *waqf* institutions. The principles are as follows:

Principle 1: Strengthening the Oversight of *Waqf* Institutions

Recommendation 1.1: The *waqf* trustee should establish clear roles and responsibilities reserved for them and those delegated to the *waqf* institutions.
Recommendation 1.2: The *waqf* trustee should ensure that the *waqf* institutions are governed by a satisfactory code of conduct.
Recommendation 1.3: The *waqf* trustee should oversee and monitor the business operations and conduct of the *waqf* institutions.
Recommendation 1.4: The *waqf* trustee should be given access to information and advice.

Principle 2: Strengthening the Effectiveness of *Waqf* Institutions

Recommendation 2.1: The *waqf* institutions should have the necessary expertise to manage *waqf* assets.
Recommendation 2.2: The *waqf* institutions should have a clear strategy in managing *waqf* assets.
Recommendation 2.3: The *waqf* institutions should have in place adequate internal controls, including risk management and internal audit.
Recommendation 2.4: The *waqf* institutions should produce an annual report which is made public.

Principle 3: Strengthening the Engagement with Stakeholders

Recommendation 3.1: The *waqf* institution should continuously engage its stakeholders.
Recommendation 3.2: The *waqf* institution should establish a clear and effective communication policy to manage relationships with its stakeholders.

Performance monitoring of *waqf* management is outlined by Securities Commission in its Recommendation 1.3, which states that the *waqf* trustee should oversee and monitor the business operations and conduct of the *waqf* institutions. The following annotations further clarify the monitoring requirements:

1. The *waqf* trustee, together with its *waqf* institutions, should clearly establish and agree on the objectives in managing the *waqf* assets, including performance target to be met by the waqf institutions. Regular review of the *waqf* institutions' performance should be conducted to ensure that the interest of stakeholders is protected and met.
2. The *waqf* trustee should oversee and monitor the performance of its *waqf* institutions and ensure that the *waqf* assets are being properly managed. It should have in place appropriate measures to assess the *waqf* institutions' performance and effectiveness. The obligation to oversee the performance of the waqf institutions reflects a collegial relationship that is supportive yet vigilant.
3. In the event a decision is made to distribute the profit, this should be fairly undertaken to preserve the altruistic purpose of *waqf* institutions. The *waqf* trustee and *waqf* institutions are encouraged to agree on a profit-sharing arrangement, which should be formalised and made transparent.
4. The profit-sharing arrangement should outline the proportions of the returns on investments that will be utilised as:

    a. Trustee fee for the *waqf* trustee;
    b. Management fee for the *waqf* institutions, where the amount should reflect the extent of responsibilities and expertise of the *waqf* institutions as well as complexity of the activities undertaken by them in managing the *waqf* assets;
    c. Re-investment; and
    d. Distribution to beneficiaries, including charitable organisations.