

**ACCOUNTABILITY AND TRANSPARENCY OF WAQF MANAGERS IN INCREASING
TRUST IN ENDOWMENTS FOR DEVELOPMENT:
LITERATURE STUDY**

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Abstract

This article analyzes the role of accountability and transparency in increasing the trust of waqf institutions. Along with the development of information and science, waqf has become a financial instrument that is not only a means of improving welfare but also a supporter of development that can create state progress. This article is a literature study of reputable national and international books, journals. The discussion is sorted by taking content that is in accordance with the focus of the accountability theme. There are 50 selected journals with 20 national journals and 30 international journals. Furthermore, the content is divided into six focus discussions. The results of the discussion found that accountability and transparency were the main indicators to increase the trust of the wakif and the public regarding the waqf funds entrusted to the waqf management institution. Accountability and transparency are carried out not just preparing waqf accountability reports according to standards. Reports must be informed massively to all wakif, stakeholders, and the public by using various communication media, both print, and electronic media, so that waqf becomes a culture. The integrity of information will increase trust, increase the number of wakif and funds, add models of waqf instruments that can be used for comprehensive community development for the development of the country.

Keywords: *accountability, transparency, trust, development*

1. Introduction

The large potential of Muslims has not been balanced with the number of waqf and waqf (wakif). Indonesia's waqf potential reaches IDR 217 trillion, which is equivalent to 3.4% of Indonesia's gross domestic product. This potential can be obtained from the 74 million upper-middle-class Indonesians in the form of cash waqf. The reality is that until December 2020 there was cash waqf in banks reaching IDR 328 billion and land waqf covering an area of 414,829. In addition, there is IDR 54 billion from waqf linked Sukuk and IDR 597 billion which will be used for basic development projects. President Jokowi even stated that the potential for waqf in the form of assets was worth Rp. 2,000 trillion while cash waqf could reach Rp. 188 trillion in a year, so the National Movement for Cash Waqf (GNWU) was launched. The number of wakif is even relatively small because there are no more than

1,100 people compared to the total Muslim population of Indonesia. The integrity and reputation of waqf management institutions are determinants of public trust and will increase interest or intention to waqf (Shukor et al., 2018). Waqf funds that are large and utilized comprehensively will advance the economy and prosper the community.

Waqf is one of the financial instruments in the Islamic economy. Currently, not only Muslim countries or populations with a Muslim majority but also developed countries with a capitalist system utilize waqf as a state economic philanthropy. Since the time of the Prophet, companions and the Islamic caliphate of waqf have been used to build mosques, hospitals, schools, and other public facilities. Education is the most important part of improving people's living standards. An educated community will be able to find solutions to face competition in all aspects.

Some Islamic countries have built secondary schools and universities as well as hospitals in big cities with waqf funds. Likewise, in non-Muslim developed countries such as America and Singapore, all waqf activities are managed by private foundations or institutions and are very successful. The use of waqf can also be used as a fund to overcome difficulties and the country's economic crisis.

The flexibility of waqf from zakat in the use of the economic problems of society and the state makes waqf more intensely echoed throughout the country. Currently, the idea to use waqf in activities to improve the economy is increasingly widespread and developing (Joseph, 2014). This development demands the need for waqf to be managed institutionally or by the state so that its utilization is clear. Waqf management institutions are growing rapidly almost all over the world, including Indonesia. The management of waqf in Malaysia, Saudi Arabia, Turkey, and Jordan is mostly carried out by the government, although there are still private institutions managing waqf. Likewise, in non-Muslim developed countries such as America and Singapore, all waqf activities are managed by private foundations or institutions and are very successful. Indonesia itself already has the Indonesian Waqf Board (BWI) which is a representative of the government to oversee all nazhir waqf activities with more than 270 private waqf management institutions.

Cash waqf has the potential to be easily exploited. The huge potential of cash waqf in Indonesia is very possible to develop rapidly. Other types of waqf such as cash waqf, sukuk waqf, and fixed asset waqf have the potential to be bigger. The huge potential of waqf and a more moderate level of flexibility have given rise to various forms and models of waqf instruments. Waqf is not only in the form of fixed assets such as buildings and land. The type of waqf developed into cash waqf and waqf with cash and stock waqf that can be managed productively. The utilization of this very large waqf is still very constrained by insufficient reporting. Waqf financial reporting must prioritize the principles of accountability and transparency.

Accountability and transparency of waqf managers is a condition for maximum utilization to achieve progress. The principle of accountability must become a widespread culture in society (Suhaimi Nahar & Yaacob, 2011). Accountability is a form of accountability for the management of a financial instrument, especially managing people's funds in the form of waqf. The accountability of waqf managers is closely related to reporting obligations in terms of accounting and accountability according to Islamic sharia. The principle of accountability is not only the completion and fulfillment of reports but also a form of accountability to God.

Waqf financial reporting standards have been made by AAOIFI No. 33 concerning waqf (Azmi & Hanifa, 2015), and strengthened by the financial standards of each country. Indonesia issued PSAK 112 in 2018 as a revision of PSAK 109 regarding the reporting of zakat, waqf, infaq, and alms. The wider development of waqf instruments requires the development of standards that must be issued. This is important for monitoring the use of funds handed over by wakif to nazhir. The practice of implementing accountability and transparency is still a matter of debate for waqf management institutions (Suhaimi Nahar & Yaacob, 2011). Some waqf managers (nazhir) think that waqf is a fund that has been given sincerely with intention because of Allah SWT so that it causes behavior, there is no need for an accountability report. Meanwhile, the waqif expects that the funds that have been waqf must be explained and the accountability reports have shown. This condition opens the veil that there are still severe challenges in the institutionalization of waqf in the management of funds that cause disharmony, (Talib et al., 2020). This problem becomes severe because it causes reluctance, loses trust, and reduces public interest in waqf. This article discusses and analyzes how important accountability and transparency are to increase the interest and trust of the waqf community to build the economy and achieve the progress of a country. Literature studies of journals and articles published internationally and nationally are used to discuss existing studies.

2. Literature Review

2.1. Waqf for the Development of the Country

Turkey in its history has proven the success of waqf in the development and progress of the country. The Sultans of Turkey use waqf to build education, schools, and health (Yayla, 2011). Waqf is also managed for the construction of public facilities such as irrigation, markets, roads, and public bath (Hasanah, 2008). Islamic Development Bank is one of the banks that operates according to sharia and is headquartered in Jeddah to collect quite large waqf funds. The IDB waqf fund supports various activities such as special health assistance, education for Muslim communities who are not members of the IDB, natural disaster relief operations, scholarship programs, technical cooperation programs among members.

The implementation of zakat and waqf for increasing economic development in several Islamic countries such as Iraq, Egypt, Saudi Arabia, Qatar, Turkey has been carried out with very modern management (Razak, 2020). Waqf has been used for many interests and benefits of society. All institutions supported by the government are very aware of the use of waqf funds for all the interests of the people, both movable and immovable assets and cash that can be used for all development as long as it is for good. Zakat and waqf institutions have participated in helping the management of state money for economic development and the progress of the country. Based on history, Baghdad has al-Martasan and al-Mansuri hospitals which are waqf from Ibn Nafis. Qordoba has 50 hospitals from waqf proceeds (Mahat et al., 2015).

Turkey is the most successful country in managing waqf through cooperation with various business institutions, especially the Turkish Auqaf Bank. The income from the bank has been used for management, repair, and various purposes of waqf property. It is fantastic that the results of the waqf are used for 4,400 mosques, 500 student dormitories, 453 business houses, 150 hotels and caravans, shops, 5,348, 2,254 apartments, 543 furniture, other properties 24,809 with a total of 37,917 business units.

Pakistan even has the Hamdard Foundation which is able to build a city, namely Madinat al-Hikmat, and establish various public facilities for the community. Previously, the people of Madinat City were the area with the worst health (Usman & Ab Rahman, 2021). Singapore and America as secular countries also have very good waqf management. Every Muslim worker in Singapore is required to spend 5 dollars if he has an income of 4,000 dollars. This waqf is immediately charged as a deduction for each worker and the funds are transferred to the account of the Singapore Islamic Religious Council (MUIS). The waqf fund is managed by the real estate company WAREES with 100 percent of the shareholders being MUIS. The results of the waqf reach IDR 21 billion every year so that it is able to finance the management of all mosques in Singapore, madrasas, and cemeteries. Productive waqf is owned in the form of 12 apartments, 30 housing, and 114 shophouses which are also used for all social activities. The Muslim community in America has the Kuwait Awqaf Public Foundation (KAPF) which collects waqf funds for the construction of The Islamic Cultural Center of New York (ICCNY) as a center for Islamic learning for all. The agency also manages apartments with 80 percent for profitable businesses and 20 percent for the poor (Shukor et al., 2018).

2.2. Interests (Intention) and Trust

Interest or intention is a desire for something that is considered to provide satisfaction so that it motivates someone to get it. Trust is a belief in something done or given that will provide goodness and benefits. Trust and wakif interest are closely related to accountable disclosure (Jalil et al., 2019). If someone believes in something, it will cause interest in getting it or giving what he has. Muslims believe that waqf provides benefits and is very useful for helping others. The Indonesian Waqf Agency released data in early 2021 that there was cash waqf worth IDR 819.36 billion consisting of various forms of waqf paid in cash worth IDR 580.53 billion and cash waqf worth IDR 238.83 billion. This position goes hand in hand with the number of nazir waqf managers as many as 264 institutions and the number of

LKS-PWU there are 23 Islamic banks and the number of waqif is only 1,041 people. The number of wakif is very disproportionate to the size of the population of Indonesia. This indicates that the Muslim community's trust and interest in waqf are still low. The size of the waqf index value is only 50.48 which also indicates that Indonesia's position is still in the low category compared to other Islamic countries (R. Muhammad & Sari, 2021).

2.3. Accountability and Transparency

Accountability and transparency are an integral part of the accountability process for the work that has been carried out. Accountability is a unifying principle in realizing good corporate governance. Accountability must be reported transparently in order to gain the trust of interested parties. So far, waqf institutions are considered as non-profit institutions that do not try to make a profit. The development of knowledge and information confirms that waqf funds must be developed and then reused and distributed to those who have the right and need. Interested parties must have confidence that the funds entrusted are used for clear purposes, generate amounts that can be utilized later and in accordance with sharia rules and state regulations (Noordin et al., 2017).

Waqf accountability report is a unified form of accounting reports and religious responsibilities (Nahar, 2015). The principle of accountability is also explained in Al-Quran Surah Annisa 58. Allah strongly obliges that the trust must be reported to be fulfilled to the party who has the right. and Accountability and transparency aim to create and maintain harmony within the framework of justice to

realize the benefit. This principle strengthens good governance to act honestly and trustworthily.

3. Research Method

This article was analyzed using a literature study approach. Material searches were carried out by collecting journals and articles related to the discussion theme, namely accountability and transparency of waqf managers. Article collection using Publish or Perish software and selecting and sorting titles according to the discussion. The activities carried out were first by obtaining the keywords of accountability and transparency, then waqf institutions and waqf for the progress of the state. Furthermore, data analysis techniques were carried out with content analysis (content). This technique is carried out with an in-depth and clear discussion. All data and content from the journal will be discussed according to the content and will be developed further and conclusions are drawn.

4. Results

Literature search results using the first Harzing's Publish or Perish (POP) application with English articles. More than 100 articles appeared and only 30 articles were taken that were more strongly related. Furthermore, by searching with Indonesian keywords, more than 100 journals were also obtained, so only 20 related articles were selected. So there are 50 journals or articles that will be analyzed to discuss the appropriate theme. The article search got six conclusion themes which are divided in Table 1.

Table 1. Article themes

No	Themes	Number of Articles
1	The success of waqf accountability during the Turkish Sultanate (Ottoman)	2
2	Accountability and transparency are part of being accountable to God	15
3	Accountability and transparency can increase the trust of wakif	7
4	Lack of human resources (nazir) applying and using reporting standards	10
5	Reporting, accountability, and transparency flexibility of cash waqf	8
6	The importance of waqf fund reporting regulations	8
		50

The success of waqf management for development, increasing welfare has been

proven in the golden age of the Ottoman Empire (1299-1922). The success of waqf funds is used

for education, da'wah, and infrastructure. The article (Yayla, 2011) explores in detail there are great results when the Ottoman government restructured regulations related to accounting and accountability for the use of waqf in a centralized manner. The accounting system of 1826 facilitated the application of accounting practices with full accountability and established a special agency (special ministry) that supervised the application of rules under state control. The Ottoman government applied technology to convey information to its people about the use of waqf so that everyone knew and believed in the usefulness of the waqf funds provided. The government controls accounting staff, employs accountants who are technically trained in waqf reporting, and punishes perpetrators of corruption of waqf funds. The waqf fund report is very transparent with an orderly and measurable system so that it can be audited easily. This study found that the application of accounting and accountability in full has been fully implemented and well-integrated so that there is no disconnected information. This success proves that waqf funds are used in all aspects of people's lives, infrastructure development, education, health, worship, da'wah, and even war. This study suggests that the government that manages waqf funds can imitate the success of the Ottomans in the accountability and transparency of waqf funds under government control. The success of waqf funds is used for education, da'wah, and infrastructure.

The success of the Ottomans in managing waqf cannot be compared with the current situation. (Suhaimi Nahar & Yaacob, 2011), explains that the concept of accountability is not just the responsibility to fulfill accounting objectives but more than that to get the eternal goodness of the hereafter. Using a triangulation approach, this research emphasizes the need to ensure increased accountability of Islamic waqf institutions to prove that Islamic financial institutions can run according to sharia principles while maintaining sound accounting practices and transparency in reporting. presents potential room for further refinement and improvement. Research (Nahar, 2015) in Southeast Asian countries that are not

predominantly Muslim found that the principle of accountability in waqf institutions can be implemented only in a conducive environment and strongly encourages the reporting of waqf funds. The accountability of waqf managers must consider management, accounting, and reporting as strategic accountability tools. Accountability has become a culture with a high transparency aspect. Everyone tries to provide professional information that is open and supported by strict rules. This study found that the trust of interested parties (wakif) will increase and provide waqf funds continuously driven by three strategic factors, namely regulation, stakeholder demands, and maintaining a religious image. Waqf institutions are not allowed to adopt the western system and ignore sharia principles this is the most important thing in waqf management which must still be based on religious values (Abdullah, 2019).

Research (Ihsan & Hameed Hj. Mohamed Ibrahim, 2011) compares two different waqf institution managements. A waqf institution with professional human resources and has been established for 50 years, supported by technological sophistication, is less attractive to waqifs for waqf. Comparison with a waqf institution that has just been established but is very strong in carrying out the practice of accountability and transparency, is far superior to gaining public trust. Waqf management provides accounting information to the public and is highly trusted even though it is lacking in technology and human resources. Therefore, the accountability and transparency of waqf is not a matter of how old the institution is, not how advanced the technology is, but the willingness to implement it properly. This result is also reinforced by evidence on the transparency and accountability of waqf management at the Semarang Grand Mosque Management Agency Foundation, the whole waqf has not been able to maximize management with the principle of transparency because some of the data is not yet open to all waqifs or the general public. The report is only addressed to certain parties who want to know about waqf management by asking the Semarang Grand Mosque office. They only provide financial reports containing

the income and expenditure of funds written on the bulletin board. In addition, each waqf management board of the Great Mosque of Semarang has not published waqf asset data to electronic media (Sulaeman et al., 2020).

(Talib et al., 2020) explained that there are big challenges in implementing accountability and transparency in waqf reporting. The normative challenges in formulating waqf accounting and reporting standards, while other challenges are in the comparability of waqf accounting and reporting among state Islamic religious councils in Malaysia. The interaction of institutional pressure and the implications of religious logic provides an interesting approach to understanding the intentions of waqf institutions to adopt waqf accounting and reporting. Disputes in waqf management have led to disharmony in waqf accounting practices in waqf institutions. Government regulation is an effective force for the adoption of accounting and reporting standards for waqf. institutional interpretation of accounting changes or stability at the level of the accounting function. It illustrates how the pressure for change or stability in accounting related to waqf collectively constitutes religious organizations such as waqf institutions, how they mean, and how individuals understand things, i.e. how accounting is institutionally embedded. Motivational factors can influence the tendency to adopt accounting practices for waqf in waqf institutions. The importance of this research can be seen from two dimensions. First, the influence of Islam on the acceptance and determinants of accounting decisions and reporting standards. Second is the impact of institutionalization on the development of waqf accounting and reporting in Malaysia.

(Siswanto et al., 2018) specializes in accountability for the management of cash waqf. Cash waqf institutions must comply with sharia policies and generate large income for social activities. The accountability of cash waqf institutions in Indonesia becomes a single entity to fulfill public accountability as well as interested parties. Accountability of cash waqf institutions in Indonesia can overcome control and conflict, must be adaptive, responsive, and flexible to change. Strict control is carried out

with periodic field visits and placing professional accountants to make accountability reports according to the guidelines in order to obtain good reports. Research (Shukor et al., 2018) by analyzing 377 questionnaires shows that the integrity and reputation of the waqf institution has a direct impact on the trust of the waqf towards the waqf institution, which consequently leads to the intention of the waqf to donate money.

The requirements for implementing accountability and transparency are recommended by (Osman & Agyemang, 2020), and it is necessary to involve beneficiaries in implementing transparency and accountability. Efforts to improve waqf management can be focused on waqf financing/investment so that closeness and empathy are needed between staff and beneficiaries. The waqf entity needs to have a structure in which the beneficiaries are actively involved. The importance of involving beneficiaries as an approach in serving those who can balance information so that there is no misunderstanding regarding the accountability of waqf funds.

(Azmi & Hanifa, 2015), financial statements of waqf funds must be prepared based on AAOIFI standards. No. 33 which is specifically regarding waqf. However, this standard is still debatable because for wakif what is important is not conformity with existing standards but clear disclosure and transparency that can be accepted by wakif. Accountability reports are very important even though they are not up to standard so standards or rules must be revised and adjusted to the fairness and feasibility of managing waqf funds. This study found that the existing standards were not fully in accordance with sharia compliance. Funds used for financing are still mixed with conventional activities and are not clearly disclosed. Existing regulations are still very vulnerable to the concealment of information, especially regarding sharia compliance. The AAOIFI Shari'ah Standards on waqf are a useful guide for identifying gaps between Shari'a Principles and conventional financial reporting practices for non-profit organizations. There are two important things

from this research, namely the first is the need to reorganize the AAOIFI regulations regarding standard no. 3. Both waqf management institutions still ignore sharia principles in developing waqf funds. Waqf institutions are not allowed to adopt the western system and ignore sharia principles because this is the most important thing in waqf (Abdullah, 2019).

Accountability of waqf funds is very beneficial with more flexible cash waqf management. Research (S. Sulaiman et al., 2019) good corporate governance is very important to ensure sustainability and complete community welfare. Cash waqf can be used to help micro and small businesses without interest. The entrepreneur only returns the principal so that it really helps the business. Waqf institutions, especially cash waqf, are considered to be able to solve community problems and even improve welfare and ultimately improve the economy and state finances. So we need Islamic microfinance institutions based on waqf funds. Waqf has great potential as a source of micro-enterprise funding. Although waqf institutions are still being debated because it will lead to conflicting information. Special regulations are needed to maintain waqf funds that are permanent, irrevocable, and cannot be revoked and maintained. Research (Pitchay et al., 2018) strengthens cash waqf management as an alternative financing model with the concept of waqf cooperatives. Furthermore, cash waqf is harmonized with the use of idle waqf lands. Nazir is expected to be able to create a synchronous relationship between cash waqf donors and waqf institutions so as to encourage participation in developing waqf land. (S. Sulaiman et al., 2019), Efforts to highlight the importance of waqf investment strategy in ensuring sustainable returns for waqf by introducing the conceptual model of unit trust waqf as a viable mechanism to collect more cash waqf from individual investors.

Several research results prove the use and waqf for the prosperity of society and economic development that creates the progress of the country. (Zauro et al., 2020), the integration of waqf funds will increase financial inclusion and improve socio-economic justice, especially

among the Muslim community. The financing model with waqf funds is the most important tool that can be used by the Muslim community to improve the economic activities of the underprivileged in order to avoid community economic disparities. Waqf will bridge and foster socio-economic justice for economic growth and development. Waqf funds will also assist in meeting the financing needs of the poor and vulnerable segments of society. This will build a healthy and dynamic economy that facilitates harmonious coexistence and solidarity between the haves and the have-nots. This article recommends the integration of waqf as an endowment and financing model to increase financial inclusion and socio-economic development. Regulators should liaise with wealthy individuals, business entities, philanthropists, and other development partners to institutionalize Waqf funds and channel them to help disadvantaged members of society.

Research (Suhaimi et al., 2014) proves the role of the Waqf Fund Scheme in providing facilities for human resource development in the Muslim community in the fields of spirituality, economy, society, and welfare. The infrastructure established by the Waqf Fund Scheme for the purposes of worship, place of business, education, and social activities is fully utilized by the Muslim community for various beneficial activities. In addition, these facilities contribute towards improving the quality of life in the Muslim community, which is the main goal in overall economic development. In addition, the improvement improves the quality of life of the general population of Penang, which will impact Malaysia's Human Development Index (HDI) which was previously recorded at the level of 0.744 by raising it to a better level. Then reinforced the results (Usman & Ab Rahman, 2021) which recommend policies for policymakers, legislators, and academics, especially governments so that waqf can help finance higher education anywhere in the world considering the fact that most countries are grappling with large fiscal deficits and therefore financially constrained to meet the growing need for HEIs. In line with the results (Ambrose et al., 2018), showing how waqf can practically

help the Malaysian federal government in financing public facilities. The six cash waqf schemes were used to build mosques, religious schools, Arabic teaching centers, colleges, universities, scholarships, financing of health center computer training, provision of entrepreneurship development programs, financing of health facilities, providing physical facilities, providing free medical services to people. poor and needy, providing medical equipment and building hospitals, building dental clinics, building hospitals for cancer patients, sponsoring and caring for orphans, financing widows, the poor and disabled, providing interest-free loans, financing funerals for the poor, building dams, digging wells, financing tree planting, funding charity projects, developing education waqf assets. (Razak, 2020), waqf is also an alleviation of poverty that is guarded by the government and for improving the economy and welfare.

The performance of waqf institutions can also be a good indicator of accountability. (Noordin et al., 2017), effective performance measurement is undoubtedly in promoting good governance and ethical management of waqf institutions. However, the practice of measuring performance in waqf institutions is currently less standardized and does not cover all aspects of its performance as a religious organization or voluntary organization. It was also found that most of the management and researchers of waqf institutions mainly rely on financial reporting and economic indicators to report to stakeholders about the performance of waqf institutions. Western TSOs, relying solely on financial reporting and accounting ratios can be imprecise and problematic for waqf institutions. This is due to the different reporting objectives and information needs of waqf institution stakeholders, which forces these institutions to look more deeply at the quality of their services and their impact on society than just financial performance, thus requiring an audit of the waqf institution's financial statements. (M. Sulaiman & Alhaji Zakari, 2019), revealed that there are inadequate disclosures and poor accounting practices for waqf transactions, equity, liabilities, and assets because they do not have audited financial statements. There are four

recommendations suggested. The first relates to income diversification. It is important for waqf institutions not to rely on only one source of income so that they can look for viable investment opportunities. Second, the development of waqf land will allow state religious authorities to be more independent in developing new waqf lands. Thirdly the need for better accounting practices among waqf institutions to ensure disclosure of waqf assets, liabilities, equity, income, and expenses. Fourth, there is an urgent need for standardization of waqf accounting to minimize diversity across regions.

There are several studies that prove that accountability has an impact on the trust of the wakif and the community and will strengthen the waqf. (Jalil et al., 2019), There are five proposed information disclosure requirements, namely basic information, financial information, non-financial information, future information, and governance information to increase the trust of wakif to commit waqf. Communication becomes a moderator between information disclosure and trust. Communication is a tool to convey information. Rich information without any communication is useless and without knowledge is useless. This study also proves that the variable "payment method" is a moderator between the level of trust and commitment to waqf. The results (Sulaeman et al., 2020) prove that the accountability of cash waqf management and the role of nazir on the level of trust in muwakif in Indonesia shows that the accountability of waqf management greatly influences the level of trust of the muwakif and the role of nazir greatly affects trust. Waqf and Nazir institutions must disseminate information that is clear, measurable, honest, easy and measurable and according to standards to increase the trust of the wakif.

(Laallam et al., 2020), reviewing the importance of regulation for waqf management business entities, regulation of waqf institution performance, legal protection, and corruption. Waqf institutions must solve the challenges they face such as building a conducive environment, investing in technology, infrastructure, databases, and manuals; and building new

networks and associations through the implementation of co-investments and projects that can result in improved waqf performance. Waqf institutions must reform the management of waqf management. (Mahat et al., 2015) stated that waqf can improve development and community welfare. Regulations relating to accounting reporting in financial statements must be audited and reported to the competent authority in this case the Indonesian Waqf Board, still using PSAK Syariah 109 regarding zakat infaq and sadaqah, however, in principle zakat and waqf are different so there is a need for a special PSAK for Waqf. Furthermore, the authority body will periodically evaluate the performance of the internal auditor in identifying strategic areas and appoint an external auditor to maintain objectivity. The limitations of reporting accountability with PSAK Syariah 109 prompted IAS (Sharia Accountants Association) on May 22, 2018, to

issue an Exposure Draft PSAK 112 to provide arrangements regarding the recognition, measurement, presentation, and disclosure of waqf transactions carried out by both nazir and wakif entities in the form of organizations. and legal entities. This waqf special rule is expected to provide perfect accountability to account for the management of waqf in accordance with the principles of good governance. However, on the other hand, the inability of the wakif emerged in making reports and accountability. (Jalil et al., 2019), the implementation of accountability is still weak due to Nazhir's weakness in understanding and applying the available accounting standards, especially the new PSAK 112 regarding waqf accounting. Thus, technical guidance or training for waqf nazir is needed to fulfill accountability and transparency. Because the potential of this waqf is very large, it should be used optimally.

Table 2. Illustration of potential cash waqf in Indonesia.

Monthly income level	Muslim population	Monthly waqf rate	Monthly potential cash waqf	Annual potential cash waqf
Rp 1 million-Rp 2 million	5 million	Rp 5000,-	Rp 25 billion	Rp 300 billion
Rp 2 million –Rp 4 million	4 million	Rp 10.000	Rp 40 billion	Rp 480 billion
Rp 4 juta – Rp 6 juta	3 million	Rp 50.000	Rp 150 billion	Rp 1,8 Trillion
Rp 6 million- Rp 10 million	2 million	Rp 100.000	Rp 200 billion	Rp 2,4 Trillion
Total			Rp 415 billion	Rp 4,98 Trillion

The waqf potential value of IDR 4.98 trillion in table 2 should provide an opportunity for waqf institutions to move to improve their management. (R. Muhammad & Sari, 2021), resulted in research that to improve management there are 3 things that must be met, first, solving three priority issues of waqf management related to interested parties, namely wakif, nazir, and regulator. Wakif did not understand the issue of waqf, Nazir did not understand the regulations related to waqf, the socialization carried out by the government was not effective. Second, to minimize conflicts of interest in the management of waqf funds between wakif and nazir, including the

misunderstanding of the role of the Waqf Board. Third, provide training on the limited competence of managing waqf funds according to available standards.

5. Discussion

Waqf is one of the financial instruments that can be used as a solution for alleviating the economic incapacity of the community. The strategic role of waqf in economic development, especially in Indonesia, is also very important to implement. Development is an indicator of an increase in the per capita of society as well as an increase in the economy of a country. The potential for waqf in Indonesia is also very

large, especially cash waqf. The potential for waqf increases when added to waqf in the form of fixed assets such as land and buildings spread throughout Indonesia. One of the challenges that must be addressed by waqf management institutions is the implementation of accountability and transparency in reporting waqf funds. Accountability and transparency are expected to increase trust and interest in waqf so as to strengthen the economy and progress of the country.

The Ottoman Empire (1299-1922) was very famous for its success in managing zakat and waqf funds so that no one in that country became *mustahik*. Waqf funds are used to establish public facilities and the construction of factories, shops, lodging, and others. The results of the waqf are distributed to the economically disadvantaged community and used for business. Even lodging is provided for travelers who come without paying anything. In fact, it is not only humans who get the benefits of waqf but also animals. The proceeds from the waqf are used to buy food for animals such as cats, dogs, and birds so that no animal will starve. Ottoman success was carried out by implementing accountability and transparency in all aspects of reporting. The Ottoman government established a special ministry to manage waqf. Reports are prepared by careful accountants with great detail. Accountability reports are informed to all residents to remote areas with fast technology. Every employee who is corrupt will get the appropriate punishment. This information provides confidence and trust so that all people always want to increase their waqf followed by good religious' awareness.

The principles of accountability and transparency should be inherent in all parties related to waqf management. The practice of this responsibility is evidence of obedience to the application of the Qur'an and Sunnah. Accountability is specifically attached to the word *Hisab*. The strength of the relationship with God and the belief that all actions will get recompense must make all activities of a Muslim, especially those who make waqf reports, accountable and transparent. Obedient religious attitudes must be reflected in the actions and actions of completing the waqf

report honestly. The ethical values of transparency and accountability will prevent deviant acts or corruption and concealment of inappropriate information.

The implementation and practice of accountability faces challenges and difficulties from human resources managing waqf (*nazir*). The number of *nazirs* in Indonesia is not more than 250 people with 66 percent of *nazirs* being individual. *Nazir* conditions mostly work part time. *Nazir* also does not have the competence to make reports that are standard and according to existing rules or guidelines. The government has provided technical guidance to direct *nazirs* to make waqf fund accountability reports according to standards. Currently, the standards that must be followed are based on PSAK 112. Limited knowledge of accounting and finance makes it difficult for *nazirs* to understand and follow the appropriate reporting model. Individual *Nazir* is still very difficult to make a simple waqf fund report, let alone a report with complicated standard rules. However, the expectation of some waqfs is actually not a standard-issue that must be followed but accountability and transparency of waqf fund reports that are continuous, clear, easy to understand, and can be trusted. *Nazir's* willingness to complete the report became important in an accountable manner because published information was always awaited by the *wakif* and the public. Clarity of information will eliminate prejudice and suspicion over the waqf funds that have been mandated. Information can be done through mass media, online media, leaflets and brochures, and billboards. *Nazir* must act as a public relations officer who communicates waqf to *wakif* and *mauquf alaihi* (waqf recipients).

Cash waqf is also very developed to be excellent because it is flexible. The potential for cash waqf reaching Rp. 188 trillion in a year should be utilized optimally and optimally. Cash waqf is usually used for productive activities, although it is possible to use it for other types of waqf. Cash waqf is very vulnerable to irregularities and fraud. Fraud will easily occur in the management of cash waqf because the nature of money is tempting and easy to manipulate. Moreover, the community has

entrusted the waqf funds to the wakif with sincerity, so they do not think the funds will return, but they hope that the funds are used correctly and transparently. Accountability and transparency of cash waqf need more serious attention so that the funds that have been received can be maximally managed and accounted for. Cash waqf has the potential to be used in the process of development and improvement of community welfare.

Accountability coupled with good transparency in reporting waqf funds can increase the trust of the wakif and the public. Trust will lead someone to increase their waqf funds. People are usually willing to surrender their waqf funds to be empowered. If the waqf management agency (nazir) provides evidence of the use of funds transparently as a form of accountability, it will increase trust. Trust cannot simply be informed by statements. The community must see the results of the use of waqf with physical evidence. If it is in the form of development, then development must be visible and the benefits can be felt. If the funds are channeled productively, it can be seen that the economy and welfare of the people who receive assistance can be seen improving. Then the public will have easy and clear access to information on the use of waqf funds. The information must be detailed and clear and easy to understand. The use of technology should be used to inform waqf fund reports so that everyone can access them quickly. The speed of accountability information must be able to beat the speed and frequency of advertising on social media. The frequency with which reports appear will increase trust.

Finally, the use of waqf by strengthening accountability reports can increase trust which will further increase the interest of the Muslim community to continue to provide well-managed waqf. The community believes that the mandated waqf will provide rewards and goodness for the purpose of the hereafter. But trust must be followed by transparency so that trust continues to increase and waqf can continue to grow. Awareness, trust, and interest can collect large waqf funds that can be used for the development and progress of the country.

6. Conclusion

Accountability is a requirement for making financial-related reports. Although waqf is a fund that is given due to awareness in religious observance, the development of its use has been carried out in many models and versions such as cash waqf, stock waqf, and other waqfs. Utilization that continues to grow requires stricter accountability, especially cash or cash waqf and those related to cash. Cash or cash remains an asset that is vulnerable to fraud and irregularities so strong and clear transparency is needed with full honesty.

The competence of waqf management institutions (wakif) must also be improved and technical guidance is not enough. The government must continue to refine special regulations for management institutions so that they are easy to understand and there is uniformity in reports that are easy to implement, not just written laws. The wakif must receive a special school in finance and sharia principles. The Indonesian Waqf Board can create advanced training programs to meet the scientific needs of the wakif. The audit of waqf institutions must also be intensified so that the level of public trust will increase. Increased trust will definitely increase the number of wakif and funds that can be used more widely for development as well as for the development of the country.

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