Basic Internal Financial Controls Practices Among Jameq Mosques In Central Region Of Malaysia

1Dr. Intan Salwani Mohamed, 2Dr. Mohamad Noorman Masrek, 3Associate Prof. Dr. Norzaidi Mohd Daud, 4Prof. Dr. Normah Omar, 5Noor Fairose Saat

1Accounting Research Institute & Faculty of Information Studies, UiTM Malaysia.
2Accounting Research Institute & Faculty of Accountancy, UiTM Malaysia.
3Arshad Ayub Graduate Business School, UiTM Malaysia.
4Accounting Research Institute, UiTM Malaysia.
5Faculty of Accountancy, UiTM Malaysia.

Received: 12 November 2013; Revised: 14 December, 2013; Accepted: 20 December 2013.

© 2013 AENSI PUBLISHER All rights reserved

ABSTRACT

The objective of this study is to investigate basic internal financial controls practices among Jameq Mosques in the state of Selangor and Wilayah Persekutuan Kuala Lumpur (central region of Malaysia). In Malaysia which consists of fourteen states, Jameq Mosque is an example of NPOs which falls under religious category and monitored by Islamic bodies of each state. A state is divided into several areas. Jameq Mosque refers to the main mosque in an area which received funding from government, corporate and public donations. Central region of Malaysia was chosen as the population of interest due to the fact that this region is the most developed area which received lots of funding. Unstructured interviews and review of documents were conducted to investigate the current practices of basic financial controls on receipt of income and on disbursing funds. Findings suggested that internal controls practices by Jameq Mosques on both receipt of income and funds disbursement requires significant attention regarding the segregation of duties element. Other elements of internal controls such as physical custody, recording of transactions, and authorization are at the accepted level.

Keywords: Internal Controls, Jameq Mosque

INTRODUCTION

Non-profit organizations (NPOs) have become important providers of social services in many countries. The scope, scale and range of their activities focus not only on the traditional domain of charity but include job training, community and economic development, housing, substance abuse programmes, refugee placement, and various other services. However, there are various types of fraud, mismanagement or error perpetrated on NPOs have become more and more ingenious, and therefore implementing good internal control system (ICS) could help an organization to ensure the reliability of its financial reporting system, to safeguard its assets, to make sure that financial statements are prepared timely and most importantly, to prevent fraud and error from happening [24]. Poor internal control practices not only create an opportunity for abuse, fraud, and corruption, but also can send message to employees, stakeholders, and other individuals outside the organizations indicating management ignorance about protecting the entity’s assets.

Although studies investigating internal control practices among NPOs have been quite extensively reported in the literature, in the context of Malaysia, studies on internal control practices among mosques are still very limited whereas; Muslims in Malaysia represent 60.4% of the total population of 29,179,952 people (as in the year 2012). Against this background, the main objective of the study attempts to investigate internal control practices among Jameq Mosques, a religious organization for Muslims in central region of Malaysia. More specifically, the study focuses on:

i. Internal control practices on receipt of income which covers physical custody, segregation of duties, and recording of transactions.

ii. Internal control practices on disbursing funds which covers authorization, segregation of duties, and physical custody.

Overview Of Mosques Administration:

Malaysia comprises of fourteen states and the administration of Islamic affairs are done by two organizations; the Islamic Religious Council (IRC) (responsible for policymaking), and the Islamic Religious Department (IRD) (responsible for carrying out the policies and procedures for
developing and advancing Islam in each state). Besides, the Department of Islamic Development (JAKIM) coordinates the standardization of each state’s method of administering its Islamic affairs at the federal level [28].

In the state of Selangor, the IRC is known as “Majlis Agama Islam Selangor” (MAIS) and the IRD is represented by “Jabatan Agama Islam Selangor” (JAIS). In Wilayah Persekutuan Kuala Lumpur, the IRC is identified as “Majlis Agama Islam Wilayah Persekutuan” (MAIWP), and the IRD is known as “Jabatan Agama Islam Wilayah Persekutuan” (JAWI). Mosques management in Selangor falls under MAIS, and JAWI is responsible for Mosques management in Wilayah Persekutuan Kuala Lumpur.

There are four categories of Mosques; State Mosque, Royal Mosque, Jameq Mosque, and Kariah Mosque. A state is divided into several areas. Jameq Mosque refers to the main mosque in an area which received funding from government, corporate and public donations.

**Literature Review:**

The word masjid or mosque has evolved from the word of sajada (sujud) which mean that devoted, loyal and with bowed heads with full respect and reverence. The mosque is not only a place of worship, but also a place to gain knowledge. It is also a place for communal gathering of the Islamic community members, as well as a place for holding various religious ceremonies and rituals, such as the akad nikah (wedding ceremony). Mosques are also places where religious studies take place, and where the younger generation of Muslim children would go for their religious training [1,19].

The key challenge of managing mosques today is to ensure efficient and proper financial management practices. At present, even though mosque is no longer used as a state administration center, however their role in shaping society still continues. In Malaysia, mosque functions as a medium for transforming government Islamic policies within the society [22]. Islamic programs and activities are carried out in mosques to instill and strengthen the Islamic values among community members. Proper management and supervision of the mosques facilitate the services to the community [3].

However, some criticisms for mosque management are the lack of accountability to manage accounting system, less budget participation in the mosque and improper of recording and reporting of income and effective way to find sources of income in mosque [4]. In addition, a weak internal control system will increase the risk in managing the mosque performance and influence the internal and external management control system which will affect the financial management practices in mosque [22].

The main function of Mosque is as a place of worship for Muslims. Besides, Mosque functions as a one stop center for Muslims to do activities such as center for Islamic knowledge, a meeting place for discussing Islamic issues and running Islamic activities. As Mosques are dealing with public funds received from government, corporate and public donations, controls over the financial activities in handling funds received and expended by the organization has become an interesting area to be investigated.

**Accountability:**

Numerous definitions of accountability have been offered by scholars and practitioners. For example, Edwards and Hulme [15] define accountability as the means by which individuals and organizations report to a recognized authority are held responsible for their actions. Fox and Brown [16], in their study of accountability in the World Bank and NGOs, similarly describe accountability as “the process of holding actors responsible for actions”. Meanwhile, Cornwall, Lucas, and Pasteur [13] broaden this perspective by suggesting that accountability is both about being “held responsible” by others and about “taking responsibility” for oneself. As such, accountability has both an external and internal dimension. External dimensions in terms of “an obligation to meet prescribed standards of behaviour” [12] and an internal dimensions motivated by “felt responsibility” as expressed through individual action and organizational mission [17].

As NPOs plays such a wealthy and varied role in modern society, the success of NPOs is deplete upon the public’s trust and confidence in their work. Palmer and Randall [24] find that trust in the charities sector was at an all time low. This support by their study, 74% of the general public surveyed agreed that there should be needs to a tighter control over the laws governing charity affairs and most of them expected that funds given to charities would not all go to the NPOs beneficiaries. This finding suggests that accountability is still dominant and paramount importance in the NPOs.

This argument also support that the greater NPOs accountability should be seen as an opportunity and not a threat. Hence enhancing the accountability mechanisms of NPOs may reduce any potentially socially damaging impact of those NPOs and also may reduce resistance from some corporations to improving their own social and environmental accountability [30], hence maintaining continuous of the confidence and financial support of the public by giving an account of its charities’ activities.

Accountability is becoming increasingly important and is now being demanded of religious organizations in light of recent scandals and lawsuits [21]. Siino [27] provides other examples of the abuses of funds arising from the lack of control and
accountability mechanisms, including what happened in the Archdiocese of San Francisco, which filed a lawsuit against a defrocked priest for embezzling more than $250,000 to finance his vacation homes. In another case, a Pittsburgh pastor confessed to stealing $1.35 million in donations over 26 years from two churches that he had served. In a survey of 548 southern Baptist Churches, Siino [27] found that Churches lacked basic control against mismanagement and abuse of Church funds. Furthermore, 70% of the Churches surveyed did not have written financial procedures. Twenty percent of the Churches did not require any written documentations at all before funds were disbursed. Only 22 percent required written explanation for budget variances, and only 52 percent reported the budgeted versus actual spending on a monthly basis. These are only a sample of the number of recent cases of financial misconduct at religious organizations.

**Accountability and Islam:**

Accounting in the broad sense is central to Islam, since accountability to God and the community for all activities is paramount to a Muslim’s faith. Hesab or ‘account’ is the root of accounting, and the references in the Holy Qur’an are to ‘account’ in its generic sense, relating to one’s obligation to ‘account’ to God on all matters pertaining to human endeavour for which every Muslim is ‘accountable’ [8]. In this sense, every Muslim has an ‘account’ with Allah, in which is ‘recorded’ all good and all bad actions, an account which will continue until death, for Allah shows all people their accounts on their judgement day (S4:62). This adds an extra dimension to the valuation of things and deeds compared to those already embodied in conventional financial statements.

Thus the basic similarity between hesab in Islam and ‘accounting’ lies in the responsibility of every Muslim to carry out duties as described in the Holy Qur’an. Similarly, in a business enterprise, both management and the providers of capital are accountable for their actions both within and outside their firm. Accountability in this context means accountability to the community (umma) or society at large. Muslims cannot, in good faith, compartmentalise their behaviour into religious and secular dimensions, and their actions are always bound by the shari’a. Islamic law thus embodies an encompassing set of duties and practices including worship, prayer, manners and morals, along with commercial transactions and business practices.

Thus, accountability in Islam requires every Muslim to make sure that their activities in the world are in line with Islamic rule. “Man is accountable to God and his success in the hereafter depends on his performance in this life on earth” [28]. Indeed, this concept constitutes a core message of Islam, which applies to the political, social and individual realm. Clearly, Islam views the principle of accountability as comprehensive and applicable to all.

**Accountability Practices – Evidence from Malaysia and Indonesia:**

Even though Islam promotes good governance and accountability, the actual practices leave much to be desired. The findings of Rahim, Goddard’s and Andrew study of Islamic State Religious Councils in Malaysia show that there is a limited accounting role and that accountants play a minimal role in the financial decision making process. Furthermore, the accounting practices in the Islamic religious organizations are less developed and do not play a central role in the organizational activities. Accounting is regarded as little more than a technology to record financial transactions. In addition, the production of external annual financial statements is not considered an important process nor are the reports themselves considered important documents.

In another study, Antlov, Ibrahim and Tuijl examined NPOs governance and accountability in Indonesia, including Islamic NPOs. They found various weaknesses in Indonesian NPOs. First, was the issue of weak internal governance, which covers the organisations decision making process, the division of role between the board and executives, establishment of accountability mechanisms to constituents, as well as issues related to the development of clear vision, mission and objectives of the organisations. The second issue relates to the accountability of these organisations, both to the government and to the public. So far, NPOs mainly attempt to be accountable to donor agencies in the form of a narrative and providing financial reports on projects. The third is a lack of external relations with other NPOs and also the wider public. The fourth is the lack of management, including financial, strategic planning and programme development as well as human resources management. In their study, they also argue that the majority of NPOs do not have any criteria or parameters to track programme achievement.

Challenge to better accountability in religious based organisations is that much of their work deals with issues pertaining to the soul, which are not easily measured [2]. Their mission statements emphasize worthy goals such as spreading the gospel, saving souls and ministering to the poor, however, it is almost impossible to fully measure the results of these activities. One of the major products of religious organizations and their activities is religion itself. How is it measured? It is very difficult to measure the true result of religious activities.
Internal Control:

With the development of many years, the internal control has been involved in many fields. It is involved in not only the different types of organizations like companies, NPOs, but also all activities in every level of these organizations. Therefore, internal control exceeded the former internal control and accounting control. At first, the internal control is developed because of the need of management in company, and then, it is developed by the external auditing and macro control. Internal control has gone through the five stages—internal check, internal control system, internal control structure, internal control-integrated framework and enterprise risk management-integrated framework, which abide by the rules of development that is from simple to complex, from scattered to systematic.

Internal controls are systems of policies and procedures that protect the assets of an organization, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations [14]. Not only related to accounting and reporting, these also relate to the organization’s communication processes, internally and externally, and include procedures for (1) handling funds received and expended by the organization, (2) preparing appropriate and timely financial reporting to board members and officers, (3) conducting the annual audit of the organization’s financial statements, (4) evaluating staff and programs, (5) maintaining inventory records of real and personal property and their whereabouts and (6) implementing personnel and conflicts of interest policies.

The effective implementation and monitoring of internal control system will ensure that NPOs such as religious organizations meet their objectives, such as providing services to the community professionally, while utilising resources efficiently and minimising the risk of fraud, mismanagement or error [23]. Internal control principles suggest that ICS is the primary accountability and governance tool an organization can establish and use to provide accountability to its stakeholders as well as to help deter, prevent, and detect fraud and corruption [29].

Internal Control of Mosque:

NPOs have some particular characteristics that distinguish them from business organizations, which mean that developing accountability mechanisms will be a challenge in these organisations. Lack of ownership and the absence of a profit motive in religious based organisations make these organizations are more dependent upon the external environment for generating financial resources for them to operate. Furthermore, Afifuddin and Siti-Nabia [2] state religious organizations do not have a control mechanism in place to protect their resources and keep their members informed of the organization’s financial status and fund raising efforts.

Sulaiman et al [28] found that, the embezzlement of funds from religious organizations (mosques) is more common due to lack of accountability and lack of commitment to accounting. They might misuse the power towards the funds raised. In this case, reporting management system such as budgeting, financial statement and internal control are not accurate, which will help the effectiveness of financial management practices in NPOs and reduce administrative burdens [22]. It is very important for the management to involve in financial management practices in NPOs to ensure performance evaluation and effective management [7], especially their knowledge in preparing and presenting budget, controlling the fund and internal control in order to enhance its financial management of the organization.

The issue with internal control of NPOs is ensuring the efficiency and effectiveness of activities, reliability of information, compliance with applicable laws, and timeliness of financial reports [20]. This is one possible reason why fraud and misappropriation of funds occur is poor. A proper internal control system ensures that the organization’s managers would utilize the financial resources in a way that will safeguard the interests of the donors and/or contributors [28]. Internal control structure includes policies and procedures on controls such as withdrawal applications for funds and grant accounts, bank and cash, purchases, payments and monitoring, evaluations and reporting. Monitoring of operations ensures effective functioning of internal controls [5].

Meanwhile Said, Mohamed, Sanusi and S.Yusuf state mosque committees need to create an effective internal control strategy to improve financial performance. Good internal control enhance transparency of the mosque which enhance donors’ confidence to contribute more fund to the mosque. Jokipii [20], proved that lack of internal control has increased the numbers of business failure. Similarly, lack of control management in mosque in reporting the transactions such as receiving income, authorization, recording of financial transactions, and periodic reconciliation will affect the report of financial performance. Proper internal control system will give better result in financial performance and shows that measuring effectiveness of internal control will improve the programs carried out by the mosque [26]. Good internal control system such as disbursement of funds, recording and reporting receipt of income will affect the financial management practice in mosque enhance donors’ confident to channel their money to the mosque. This in turns will improve its financial performance. Subsequently, mosques need to recognize the importance of fundraising activity. Active
involvement of mosques’ committee members in fund raising activities facilitates continuous flow of fund to their mosque.

**Internal Controls on Receipt of Income and Disbursing Funds:**

As the procedures of handling funds received and expended by the organisation is an important component to achieve sound internal controls, it is therefore important to evaluate the internal control practices on receipt of income and disbursement of funds due to the fact that religious organizations appear to have lack of expertise and commitment in practicing proper internal controls. Prior studies have suggested that the lack of regulations and a proper code of conduct as regards accounting and financial management practices in churches (and other religious organizations) have contributed to their inefficiency [11]. Duncan and Flesher also claimed that fraud and embezzlement are becoming more common in western church institutions. Controls related to physical custody of cash and cheques, segregation of duties among persons who counted money from collection boxes and the person who made entries in the cashbook, and recording and verification of transactions for cash/cheques received. For internal controls checklist on disbursing funds, authorization of payments, segregation of duties in terms of preparing payment documents and physical custody of cheque books were asked during the interview session. Besides unstructured interview, review of documents was also done to gain more insights regarding the internal controls practices by Jameq Mosques. Descriptive analysis was conducted to analyse the data.

**Methodology:**

The study adopted the qualitative research approach with unstructured interview as the main data collection technique involving 13 Jameq Mosques in the central region of Malaysia as suggested by JAWI and JAIS. The questions asked for the unstructured interview was adapted from the audit working papers on internal control systems for receipt of income (Table 1) and disbursing funds (Table 2) and detail answers for certain questions were sought when necessary based on the interviewer’s judgment. The checklist regarding internal controls on receipt of income were classified into three; physical custody of cash and cheques collection, segregation of duties among persons who counted money from collection boxes and the person who made entries in the cashbook, and recording and verification of transactions for cash/cheques received. For internal controls checklist on disbursing funds, authorization of payments, segregation of duties in terms of preparing payment documents and physical custody of cheque books were asked during the interview session. Besides unstructured interview, review of documents was also done to gain more insights regarding the internal controls practices by Jameq Mosques. Descriptive analysis was conducted to analyse the data.

**Table 1: Internal Controls on Receipt of Income**

<table>
<thead>
<tr>
<th>SECTIONS A: INTERNAL CONTROLS ON RECEIPT OF INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
<tr>
<td>PC1</td>
</tr>
<tr>
<td>PC2</td>
</tr>
<tr>
<td>PC3</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>PC4</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>PC5</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>PC6</td>
</tr>
<tr>
<td>PC7</td>
</tr>
<tr>
<td>PC8</td>
</tr>
<tr>
<td>PC9</td>
</tr>
<tr>
<td>SD1</td>
</tr>
<tr>
<td>RT1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>RT2</td>
</tr>
<tr>
<td>RT3</td>
</tr>
<tr>
<td>RT4</td>
</tr>
</tbody>
</table>

**Table 2: Internal Controls on Disbursing Funds**

<table>
<thead>
<tr>
<th>SECTIONS B: INTERNAL CONTROLS ON DISBURSING FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
<tr>
<td>Authorization (A)</td>
</tr>
<tr>
<td>PC1</td>
</tr>
<tr>
<td>PC2</td>
</tr>
<tr>
<td>PC3</td>
</tr>
<tr>
<td>PC4</td>
</tr>
<tr>
<td>PC5</td>
</tr>
<tr>
<td>PC6</td>
</tr>
<tr>
<td>PC7</td>
</tr>
<tr>
<td>PC8</td>
</tr>
<tr>
<td>PC9</td>
</tr>
<tr>
<td>SD1</td>
</tr>
<tr>
<td>RT1</td>
</tr>
<tr>
<td>RT2</td>
</tr>
<tr>
<td>RT3</td>
</tr>
<tr>
<td>RT4</td>
</tr>
</tbody>
</table>
Findings:

Internal Controls Practices on Receipt of Income:

Physical Custody on Receipt of Income:

Under physical custody, questions were divided into three: collection (PC1, PC2, PC3, and PC4); banking— in (PC5, and PC6); and safekeeping (PC7, PC8, and PC9). In terms of physical custody of collection boxes, the objective of controls is to ensure all cash collections boxes is safeguarded, and once opened, the cash should be promptly counted, recorded and deposited to the bank.

Figure 1 depicted that all Jameq Mosques practiced good physical custody for safeguarding the collection boxes by having sealed or locked boxes, and all collection boxes are opened regularly. These could prevent possibility of theft of the cash collection. Regarding the number of people present during the opening of the collection boxes, there should be at least two people present in order to minimize the chance of theft or fraud. However, only 84.61% of Jameq Mosques have at least two people present during the opening of collection boxes. As cash is in the most vulnerable form, counting of money from collection boxes should be done promptly once opened to prevent theft and fraud. It was found that 84.62% of respondents counted the cash collection immediately once the collection box opened.
Fig. 2: Percentage of Internal Control Scores on Receipt of Income - Physical Custody: Banking-in

Regarding banking-in money collected from the collection boxes (see Figure 2), 92.31% of respondents have good controls by depositing at least on the next working day and not using the money to pay any expenses before banking in first.

Fig. 3: Percentage of Internal Control Scores on Receipt of Income - Physical Custody: Safekeeping

Regarding safekeeping of cash and cheques (see Figure 3), it was found that all Jameq Mosques practised good internal controls by placing cash/cheques in a safe place (e.g.: locked box/drawer) if it cannot be banked on the same day, and access to the safe/locked box is limited to authorized personnel only.

Segregation of Duties on Receipt of Income:

With regards to segregation of accounting duties, the main principle is to segregate the three functions; authorization, recording, and custodial functions. Checks and balances are essentials to make embezzlement difficult. For that reasons, no single person should be responsible to perform more than one function [18]. In the case of Jameq Mosques in the central region of Malaysia, segregation of duties regarding the counting of money from collection and the recording of entries in the cash book seemed to be low. Only five Jameq Mosques (38.46%) segregated these duties.

Recording of Transactions:

Financial transactions need to be recorded as it provides audit trail. To ensure the accuracy of the recorded transactions, verification need to be done by authorized personnel [28].
In the current study, 12 Jameq Mosques (92.31%) were found to have a good record-keeping of cashbook for cash/cheques received (see Figure 4). Since all Jameq Mosques performed regular checking to ensure all incoming receipts are recorded regularly, it was found that one Jameq Mosque did not use cashbook to record cash/cheques received due to lack of accounting knowledge but applying their own recording format. This could be a reason why the score for question RT3 (Cash/cheques recorded in the cashbook are verified with the bank pay-in slips), and RT4 (The pay-in slips or cash receipts recorded in the cashbook are verified with the relevant bank statements) are similar (only 12 Jameq Mosques) due to the reason that one Jameq Mosque did not have cashbook for the purpose of verification.

Average Score of Internal Controls Implementation on Receipt of Income:

Comparing the three average scores (PC, SD, and RT) on internal controls for receipt of income (see Figure 5); it can be concluded that JAWI and JAIS that responsible for carrying out the policies and procedures for developing and advancing Islam in each state should put extra effort regarding the practice of segregation of duties related to collection boxes. As SD was found to have the lowest score of controls implemented (38.46%), and due to the fact that cash is vulnerable to fraud and embezzlement, this area should be considered as a high risk and need extra attention and monitoring from the regulating bodies, and during the internal and external audit.
Internal Controls Practices on Disbursing Fund:

Authorization:

Payment should be supported by relevant documents such as invoice and payment voucher and payment approval based on limits should be imposed to ensure good internal controls practices in cash disbursement and to avoid fraud (Cuomo, no date). Figure 6 depicted that all 13 Jameq Mosques used invoice and payment voucher as supporting documents for funds disbursement. The used of invoice by all Jameq Mosques in making payment was considered as a good practice as it signified that no staffs were allowed to do advanced payments to suppliers and claimed for reimbursements at a later date. However, only seven Jameq Mosques (53.85%) imposed authorization based on limits. In practice, a good internal control should ensure that payment should have various level of authorization based on limits for which higher limit should involve a committee to make a decision for the payment to avoid fraud and embezzlement.

Segregation of Duties:

Reviewing the scores for segregation of duties (Figure 7), it can be concluded that majority of Jameq Mosques (69.23%) were able to segregate the custodial function and authorization function. However, low scores on SD1 and SD2 showed that majority of Jameq Mosques did not practice a good segregation of duties in terms of recording and custodial functions.
Physical Custody:

All 13 Jameq Mosques in the central region of Malaysia have a good control on cheque books which are kept in a safe place (e.g.: safe, locked box or locked drawer)

Comparisons of Internal Controls Practices between Authorization, Segregation of Duties, and Physical Custody on Disbursing Funds:

Comparing the three average scores (A, SD, and PC) on internal controls for disbursing funds (see Figure 8); it can be concluded that similar to findings on receipt of income, SD for disbursing funds was found to have the lowest score (43.59%), and should be considered as having high risk of fraud. Further actions, attention and monitoring should be given by the regulating bodies. For example, training on proper accounting system should be organized by JAWI and JAIS to enhance internal controls practices by Jameq Mosques in the central region.

Fig. 8: Average Score of Internal Controls Implementation on Disbursing Funds

Conclusion:

Findings suggested that internal controls practices by Jameq Mosques on both receipt of income and funds disbursement requires significant attention regarding the segregation of duties element. Other elements of internal controls such as physical custody, recording of transactions, and authorization were at the accepted level. This research contributed in improving the effectiveness and efficiency of Jameq Mosques in central region of Malaysia by highlighting strengths and weaknesses in its internal control systems which could be used as guidance in enhancing the level of internal control implementation of religious organizations in Malaysia. Eliminating the weakness or problems identified may improve the control over the resources, strengthen accountability, improve financial reporting and improve relationship with the stakeholder, thereby enhancing their desire to continue supporting the religious organizations with financial. Highlighting strengths and weaknesses allow for a set of best practices to be collected and used to improve the internal accounting control system.

References