

Waqf Governance: A Paradigm Shift Towards the Sustainability of Waqf Benefit

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Abstract

Purpose: The purpose of this paper is to study and review the current practice of waqf governance and accountability in Malaysia's State Islamic Religious Council (SIRC) in general. Waqf is becoming an increasingly important transaction practiced in most Muslim countries, and it provides benefits to the Muslim community in a variety of domains such as religion, education, medicine, and socioeconomic activities. The benefit of waqf is its long-term viability. Waqf is explored worldwide and it has become a SIRC stream discipline embedded in most organizations. The rapid development of waqf demands a good governance system to ensure the sustainability of waqf assets and benefits. However, it was found that waqf did not successfully meet the needs of the community as it should have because of issues such as mismanagement, non-uniformity in its practices, and lack of awareness by the Muslim community. The status of waqf has deteriorated to the extent that in some countries waqf assets have been neglected. In Malaysia, waqf management is under the jurisdiction of the state government and is entrusted to the SIRC. This has effects on the non-uniformity of laws and governance systems.

Design/Methodology/Approach: Based on waqf practices, this study combines a qualitative research technique with an exploratory research design with content analysis and library research. It is appropriate because it entails the examination of documents, including the relevant books and empirical articles

Findings: The findings from this study summarize the governance principles of both the public sector and the COSO 2013 standards are in line with Shariah governance, but the advantage of Shariah governance is dual accountability, which involves accountability to God and fellow human beings. This means that these governance systems and principles are complementary.

Originality/value: In this contribution, we propose the improvement of the governance and accountability system. These improvements are important in assisting SIRC, as the sole trustee, in properly managing waqf. Indeed, the establishment of good and systematic governance is a paradigm shift that can assist in ensuring waqf assets and funds are managed and grown in a systematic manner, thus further ensuring their sustainability.

Keywords: Waqf, Governance, Accountability, State Islamic Religious Council.

Introduction

Waqf has recently grown fast, and several types of waqf have emerged. Waqf was once limited to cemeteries, places of worship, educational institutions, and immovable property and buildings. However, as time passed and society became more aware and understood the benefits of waqf, waqf took the shape of money, shares, sukuk, digital money, services, and many other things. The combination of elements of fixed savings and long-term investment (Kahf, Monzer. 1999) makes waqf unique and productive and becomes part of the economic development instrument of Muslims. The growing popularity of waqf necessitates the establishment of an effective governance mechanism. This is due to the fact that waqf requires cash, trust, and accountability while also aiming to serve the community.

The legal aspect of waqf in Malaysia is also claimed to be an impediment to its development. This is because, under Malaysian law, based on the Malaysian Constitution, each state has its own waqf law. This suggests that legislation in each state is not uniform and is subject to the jurisdiction of the SIRC in each state. Despite the fact that waqf is continually expanding and administered by SIRC, it was discovered that waqf land is still being abandoned, causing the management of waqf issues in court to be difficult. Despite the fact that the legal framework of waqf in Malaysia empowers SIRC as the "sole trustee," waqf management is nevertheless subject to disputes from other parties, including stakeholders and beneficiaries, especially under special waqf. As a result, many researchers believe that the law should be modified and improved in order to ensure systematic governance. Furthermore, a lack of expertise experience, and, knowledge in Islamic finance has delayed the process of sustainable development (Abu Bakar Manan 2007). In recent years, discussions about organizational governance have attracted attention among researchers Ihsan & Ayedh 2015; Maghbul & alHajam 2018.

Therefore, this study will explore the meaning of good governance, accountability practices, SIRC's role, and challenges in waqf governance. This study will suggest improvements to the existing waqf governance system as a paradigm shift that can serve as a guide for SIRC which is the sole waqf trustee or *mutawalli*.

Method

This study combines a qualitative research technique with an exploratory research design with content analysis and library research. It is appropriate because it entails the examination of documents, including the relevant books and empirical articles. Exploration strategies are used in-depth to investigate the meanings inherent in a document (Burns, 2000). This study's analysis technique employs deductive, inductive, and comparative methodologies in accordance with the protocol for a qualitative study. In preparing and completing this study, we have used a number of specific methodologies to obtain the necessary information and data. This study involves the use of several methods namely:

Data Collection Methods

This method is used to obtain information that is accurate, concrete, and appropriate to the problem being studied in addition to ensuring that it has value in terms of objectives and validation. In an effort to collect this data, this study uses the following methods:

i) Library Research Methods

This method is a process that involves efforts to find and collect data and facts related to the research problem. It is a technique by which a researcher obtains data, information, and evidence that matches the subject of the study through documents and records. Therefore, this method is very important for this study in an effort to collect data and information related to the objective of the study.

Studying this library is necessary to find relevant documents. In general, the documents used are from the first source and the second source. These documents are the Quran, Hadith, theses, journals, books, magazines, conference papers, and writing materials that are related to the full study.

ii) Text Analysis Method

This method is one of the textual studies branches that include text analysis, hermeneutics, text editing, transliteration, comparison, and intertextuality. As a result, this technique was chosen for this study since it corresponds with the classification based on the title of this dissertation.

This study selects qualitative text content analysis based on the text to be studied. This study can discover the shape of thought and the procedures employed to explain or determine something by qualitatively evaluating and analyzing the text.

Data Analysis

After obtaining and collecting all of the information and data, the writer will first ensure that the source of all of the data and information is gained authoritatively. The process of processing, evaluating, and forming conclusions on each is then carried out using one of the methods listed below:

i) Inductive method

The inductive method is a process of understanding the study problem or discovering a solution that occurs generatively or continuously, where information is acquired and continues to be collected until the problem is clarified or the answer is formulated. In other words, this procedure is like building a pyramid by piling bricks one by one until the structure is complete.

As a result, this study adopted this strategy to draw conclusions from the data. This conclusion will later be used to create a solution theory.

ii) Deductive method

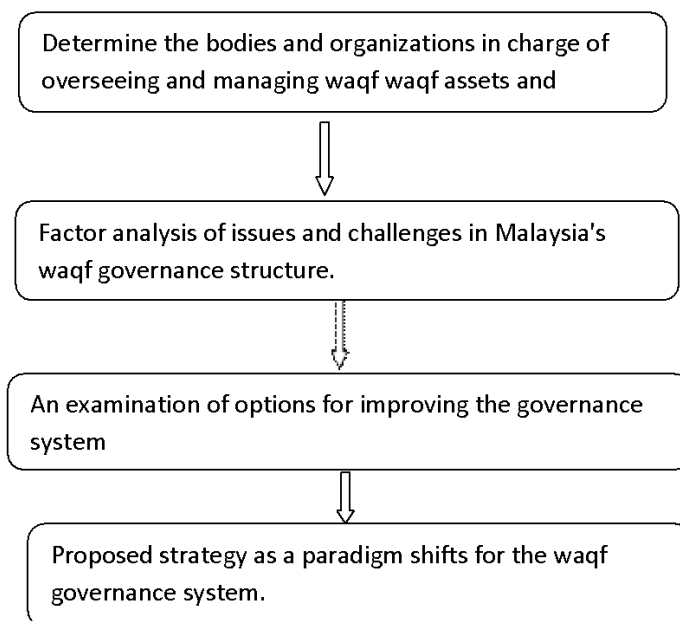
The deductive method is a proving method based on thought patterns that is used to examine data by obtaining specific findings and formulations from broad data. This strategy can also be used to describe a topic in further detail to the problems that occur.

Based on this method approach, the writer conducts this study's analysis using theory or formulation as a framework. As a result, this theory must be thoroughly grasped before being adapted or matched to the study problem. This strategy is completely utilized, resulting in a high-quality and clear description.

Conceptual Framework

The benefits of waqf should be allocated to the right parties and places and can even be sustained and expanded in the long term. The sustainability of waqf benefits is important

because waqf as an Islamic social financial system is seen as capable of functioning as a third economic sector in aiding a country's economy and achieving sustainable development goals (SDG). Therefore, to ensure the sustainability of waqf benefits, the existing waqf governance system needs to be improved so that its weaknesses can be addressed efficiently and effectively. Identifying challenges and issues in the existing governance system is critical in developing solutions to a better governance system as a paradigm shift. This strategy is important in ensuring the sustainability and development of waqf assets and benefits can be realized as desired by waqif and stakeholders. A framework to determine the construction of a better and more effective governance system can be implemented by identifying issues and challenges in the existing waqf governance and further exploring strategies for improving the waqf governance system and then proposing a strategy for improving the governance system as a paradigm shift by each SIRC as waqf sole trustee. This can be seen in picture 1.1:



Literature Review

The Role of the State Islamic Religious Council (SIRC)

The Malaysian Constitution has designated SIRC as the only trustee for all types of waqf. In general, this provision aims to ensure that governance irregularities are avoided and that waqf administration is better and more controlled than if the party managing waqf assets is chosen at the discretion of the waqf itself, as was the practice prior to 1952. Despite the fact that SIRC has been designated as the sole trustee of waqf assets, the waqf governance law was not standard until 2005. In fact, not all Malaysian states have enacted particular waqf norms or laws. As enshrined in the Federal Constitution's ninth schedule of the second schedule, which places the Sultan as the head of religion for each state and SIRC as an advisor to the Sultan in the formulation of policies, laws, and policies. This means that each state will establish and create laws, regulations, and policies based on its own jurisdiction and discretion, including waqf affairs. As a result, each state has different laws, policies, and regulations. waqf laws at the state level can be divided into two categories First, provisions in the State Islamic Law Administration Enactment, and second, special waqf-related rules or enactments. Furthermore, SIRC plays an important role in waqf governance. SIRC is responsible for managing,

administering, and developing waqf properties. SIRC functions to manage all waqf applications made by individuals or organizations, record and register all types of waqf properties, regulate all types of waqf properties, as well as develop waqf properties. In managing waqf, SIRC also plays a role in regulating all types of waqf property and developing waqf property, especially waqf property in the general category.

Issues And Challenges In Waqf Governance

Weaknesses in The Legal System

Weaknesses in the law include a lack of explicit and unambiguous governance provisions, administrative inefficiencies, a lack of political will, apathy toward Waqf governance, and a lack of honesty and integrity (Norma, (2013). In fact, because SIRC was designated as the single waqf trustee, waqf governance systems differed from state to state. Furthermore, SIRC was discovered to lack systematic waqf asset record data, resulting in incidents of missing waqf land records, some of which could not be located (Megat &Asiah, (2006)).

Ineffective Administrative Procedures

Waqf institutions are perceived to lack efficient governance in the management of waqf assets, and SIRC, as the sole trustee of waqf assets in the states, is seen to lack sufficient staff who are skilled and experienced in managing a large number of waqf assets (Abdul Latif, Saripah, 2019), (Siti Mashitoh, 2006)(Mahomed Z, 2023). While there are also issues involving Ineffective management in developing waqf property, according to Farah Nadia, Fauziah Raji (2018), and Siti Salwa's (2007), study on the development of Waqf properties, studies by Baharuddin et al. and several other Malaysian states discovered that there are Waqf properties that are rented out at uneconomical prices, resulting in SIRC returns that are unreasonable. As a result, Waqf properties in Malaysia are not optimally developed except by expecting donations. In fact, there are waqf lands that are not strategic, small in size have no commercial value, and have to be left without development.

Waqf Asset Data Management

Waqf governance is similarly prone to data storage issues. Although Waqf land administration has begun to adopt a coded record system, its use is limited (Harun, Possummah, Abd Halim, 2014). This is demonstrated by the fact that there are still management bodies that do not use a coded system or a non-uniform record system. The implication is that much information about Waqf properties is not effectively maintained and managed, causing it to continue to disappear from the allocation list (Ihsan. H & Hameed, 2011). There is an effort to suggest a standard approach throughout the state, however, there is still the issue of waqf land that is recorded as waqf land by the administrator, but the waqif's name is not documented. There is an effort to suggest a statewide solution, however, there is still the issue of waqf land that is recorded as waqf land by the administrator, but the name of the waqif is still recorded on the property ownership certificate that has already been waqf. In truth, there is a lack of comprehensive information about Waqf land.

Management of Documentations

The governance crisis and the non-uniformity of the law, give a great challenge to SIRC as the sole trustee to achieve systematic and reliable governance. This conveys the message that it is critical to guarantee that the party in charge of Waqf asset governance can implement optimal governance. The previous study's findings also reveal that among the governance issues that

occur, there is evidence of poor documentation and preservation of information records, a lack of a sound accounting system, and a persistent problem with responsibility or accountability (Ayedh, A. M. A., Kamarubahrin, (2019). Even at this time, the issue of accounting standards has been refined and drafted, and it is just a matter of time before it is implemented. However, numerous documentation concerns and challenges remain

Waqf Management Inefficiency: Waqf Land Rent Collection System

There is SIRC dealing with the issue of the rent collection system on Waqf Land, which was discovered to be unsystematic and lacking in control. The rent-collecting method was not easy, and some property rents were not collected on time. The far too low rental rate also prevents the Waqf property from generating the necessary cash, hampering SIRC's efforts to utilize this property as much as feasible. This issue does not apply to all Islamic Religious Councils.

Less Robust Internal Control

Internal control features are a key aspect of managing institutions in Malaysia and around the world, especially waqf organizations. Internal control includes the control environment, control activities, monitoring, information and communication, and risk assessment. All of these factors are instruments for improving an institution's administration. The internal control system is a component of the waqf management challenge within SIRC. According to the organizational chart on the website of most SIRC's, most SIRC's do not have a risk management unit, despite the fact that the risk management unit is a crucial unit in guaranteeing good governance. Despite the fact that unit audits are on their organization list, most SIRC's have already been constituted, but not all SIRC's conduct audits every year as required. Furthermore, an element that is certain is the feature of training, which is an aspect of staff control activities that is not comprehensive for all departments (Mahmood 2017). This is because, despite the fact that employee training is no longer required, just a few departments continue to provide it. Mutawalli in waqf institutions in the north, according to Mutalib (2016), experience a lack of training and development in administering waqf property. All of these concerns have an impact on SIRC's ability to practice good governance. As a result, internal control. As a result, the internal control system must be strengthened and prioritized.

Governance

Governance refers to systems and processes to ensure an organization's general direction, efficiency, monitoring, and accountability of an organization (Cornforth 2002). Governance mechanisms consist of board members, control systems, and signaling mechanisms such as reporting. The term "governance" is derived from the Latin word *gubernare*, which literally means "to direct", "to rule," or "to guide" (Hyndman and McDonnell, 2009). In a broad sense, governance refers to the relationship between the governor, or governing party, and the governed, or people with decision-making capacity (Lewis, 2005). The concept of governance, according to Iqbal and Lewis (2009), has been employed in a variety of contexts, including monetary. For example, governance (forming monetary policy), public governance (ensuring public sector efficiency), and corporate governance (ensuring the successful operation of markets and firms) are all examples of governance. Despite the fact that governance is a more prominent concept, non-profit governance definitions are uncommon in the research literature. The term governance is most likely only used in the corporate and public sectors. So far, nonprofit governance and public governance have overlapping concepts. However, there should be a clear separation between these two notions because the non-profit sector's governance system consists of a board of directors (Stone and Ostrower, 2007). Waqf administration, on the other hand, can be called public sector governance in Malaysia because

waqf is handled by the state government through SIRC, which has sole jurisdiction as the sole trustee of waqf.

In the non-profit sector, there may be two approaches to constructing the concept of governance. First, as a non-profit governance system, governance viewpoints from the corporate or profit-based sectors can be referred to and adapted to non-profit organizations or the public sector (Hyndman and McDonnell, (2009). In this regard, the principal-agent theoretical paradigm is determined to be relevant and appropriate. This is due to the principal-agent theory in the business sector or profit-based sector, which states that financial suppliers to enterprises are required to ensure that they receive a return on their investment. This is in contrast to the non-profit and charity sectors, where donors or waqifs do not expect a financial return on their contributions. As a result, Hyndman and McDonnell believe that "return" might be defined as money/donation spent for the purpose of waqif or money/donation spent as intended by the donor. As a result, Hyndman and McDonnell believe that "return" might be defined as money spent for the purpose of waqif or waqf fund spent as intended by the donor/waqif.

The following study will explore in general the principles of good governance in the public sector and the principles of Shariah good governance, which have long been used as guidelines in ensuring good governance practices for those who exercise trust and responsibility in an organization

Public Sector Governance

Principle of Governance.

Public Sector Governance includes: -

- a. Procedures of a Minister, Chief Secretary, Head of Department, Chief Executives, and officers at all levels of management carry out their tasks transparently, accountable, and prudently in terms of decision-making and outcomes delivery.
- b. Structure, including their culture, policies, and (strategies and procedures for interacting with various stakeholders).
- c. A mechanism for directing, controlling, and holding public agencies accountable for achieving such goals has been agreed upon.

Guidelines for Improving Governance in The Public Sector (2007)

This indicates that the objective of governance is to instill and strengthen the community's and people's trust in the government's ability to implement legislated policies while upholding the four (4) accountability principles in the public delivery system. The finest governance in the public sector must focus on two aspects: performance and compliance. In terms of performance, it is critical to ensure that achievement is significant, particularly in providing services efficiently and effectively as required by stakeholders. Aside from providing value for money, waste can be reduced. The topic of compliance in governance becomes significant because there are laws, regulations, and standards that must be observed in the public sector. It is a crucial obligation for all staff to be able to carry out trust through the practice of honesty, accountability, and integrity, as well as the transparency of important information that the community desires. Four (4) elements are described in elements of Best Governance in the Public Sector: integrity, accountability, trust, supervision, and transparency. Integrity is described as honesty and a high level of ethics, and the agency must be fully accountable for the monitoring of public finances and resources, as well as the management of the agency's actions. The effectiveness with which the Public Service General Order is executed, as well as

the personal and professional ethics of public officials, determine the effectiveness of this integrity practice. Integrity must also be displayed through the procedures used by the agency to make decisions. The second element of accountability is the duty to provide answers and explanations about an action or performance to those who require it. It establishes a system for holding the agency accountable for all decisions and activities. An external audit is conducted on the relevant management official. This duty must be well recognized by all parties. The Agency's Head must ensure that each officer knows the tasks and roles that have been given to them. This is to ensure that each responsibility and role allocated is carried out effectively.

The principle of trust and supervision (stewardship) follows, which is the exercise of authority by government-appointed public authorities. They hold trust and are accountable for managing every power and resource given to them as government officials. This involves the ability to provide continual financial governance efficiency and resource governance in a cost-effective and efficient manner through proper rules. It is critical for the public sector to constantly sustain and improve its ability to meet the needs of the government and the public. Last but not least, transparency is a vital attempt to instil public trust in the decision-making process and the acts of public officials who have been given the authority and responsibility to carry it out. A close relationship and the communication of complete, accurate, and clear information so that it is known to the stakeholders ensure that an officer's actions are effective and timely. Furthermore, it enables public officials to effectively handle any public assessment.

In the next section, the researcher will explain the responsibilities of agency heads in ensuring good governance in Appendix A of the Guidelines to Improve Governance in the Public Sector.

Responsibilities of The Agency's Head of Administration (HOA)

It is the responsibility of agency leaders to ensure that the best governance standards are applied in their particular agencies, as follows:

- a) A managerial commitment to governance is required.

The HOA should set a good example and exhibit a strong commitment to best governance practices. Vision, ethics, strategic thinking, productive working relationships, efficient communication channels, and the ability to create outcomes are all characteristics of good leaders. A clear and consistent communication strategy between management, staff, and stakeholders on the agency's beliefs and objectives will ensure that good governance practices are followed and stakeholders' trust is maintained. The HOA should be able to defend any public decisions and actions taken or not taken. HOA should play a leadership role in preserving the interests of and moving the agency. In fact, it is necessary to have high morals and be an example to the agency under its control, and it is necessary to clearly inform the members of the agency about the standards that need to be achieved. Next should ensure that all financial procedures, including issues related to ethical norms and value for money, are taken into account in the formulation of policies related to revenue and expenditure under his control.

The HOA must establish and document its delegation of authority to subordinate executives. This representation does not absolve him of his responsibilities to Parliament in terms of:

- Ethical standards and adherence to rules and procedures;
- prudent and economical administration;
- avoiding waste and extravagance;

efficient and effective resource management; and
ensuring excellence in organizational and human capital management.

b) must be responsible for ensuring external and internal accountability.

External stakeholders are critical components of the national accountability framework because they have the authority to oversee or monitor government entities. This means that public entities must answer to external bodies like Parliament and the Public Accounts Committee. Of course, public entities must produce information as requested by the Auditor General, including information on performance and compliance with applicable regulations, within the timeframe specified. Furthermore, in order to meet the standards of external accountability, the agency's director must ensure that the actions and decisions taken achieve the agency's strategic objectives. In fact, the agency is also responsible for maintaining a complete, secure, and constantly updated record system.

Shariah Governance

According to Abu-Tapanjeh's (2009) findings, the board's responsibilities in governance should comprise three critical aspects:

- (1) Strategy direction, where the responsibility is not only to the Organization or stakeholders but also to God who is in control;
- (2) Management monitoring should also be holistic and integrative; and
- (3) Accountability to organizations (for example, SIRC) and beneficiaries (*mauquf alaih*) should include consultation, cooperation, and consensus with stakeholders related to decision-making processes.

Responsibility And Accountability in Shariah Governance

Shariah governance necessitates responsibility and accountability. Every task must be accomplished thoroughly because the trustee will feel accountable to God for what has been entrusted since he knows it will be counted in the hereafter. Previous research on waqf accountability, such as those by Ibrahim (2000), Ihsan and Adnan (2009), and Osman (2010), imply that waqf institutions face double accountability. This also entails being accountable for all responsible sources by obeying God's instructions and avoiding His prohibitions by following the Qur'an and hadith. For example, in managing waqf assets, SIRC has to implement Islamic work ethics and must not violate Shariah rules.

Moreover, SIRC must demonstrate responsibility or accountability in accomplishing waqf objectives as required by waqif or stakeholders. SIRC also needs to ensure that the benefits of waqf can be conveyed to the *mauquf alaih*, contributing to the ummah's economic progress and welfare. To accomplish the concept of Khalifah (representative), a person must be taklif, or accountable for the trust he places in others. Taklif's definition is broader than the definition of accountability. It includes accountability and responsibility to God as well as fellow human beings and obligates the entrusted party to be honest and transparent in reporting it.

Transparency

Transparency in reporting and information disclosure is important because it builds trust among society and stakeholders. Transparency is one of the most fundamental elements of good governance because providing information to the public reflects SIRC's honesty as a waqf manager. This will be perceived as prioritizing the truth by being transparent to gain public

trust. Focusing on relationships with God and human relationships should be inspired by the values of trust, truth, firmness, justice, respect for the law, kindness, tolerance, etc.

Finding and Discussion of Suggested Improvements

Role and Enforcement of Laws

Looking at the issue of Waqf governance in Malaysia from the standpoint of Waqf Law enforcement, this study revealed that there is a need to provide rules and a legal framework for Waqf governance to ensure the sustainability of Waqf benefits and the survival of Waqf institutions, while also encouraging a sense of responsibility to fulfill Waqf among Muslims. (Mohamad, N. A., Kader, S. A., & Ali, Z. (2012). The legal framework should also enable all segments of society to implement waqf. Currently, there are several laws that limit waqf to only Muslim individuals. The law should allow both non-Muslims and institutions to establish waqf as long as the purpose of waqf is religious or charitable. A comprehensive legal provision regarding waqf governance that is able to ensure that the assets and benefits of waqf are preserved and sustainable, is expected to at least reduce the pressure and doubts among Muslims. and also, non-Muslims. This is because if the issue of legal provisions or regulations is not resolved, it can stymie and hinder the development of Waqf assets in Malaysia, which should help the ummah's well-being and the country's economic success. As a result, good governance regulations can be implemented and enforced rather than simply existing.

Furthermore, realizing the sustainability of waqf benefits requires better management of waqf resources. Prudent waqf governance requires the preservation and development of waqf assets, investment, and return generation, as well as ensuring that returns/benefits flow to the beneficiaries as intended by waqif. Waqf maintenance is the most important thing in waqf governance. As a result, the legal framework must clearly express the permanent character of waqf resulting from the general principle of waqf that cannot be transferred or sold, as well as specific conditions that constitute an exception to the general principle. Therefore, if the existing law is less comprehensive in ensuring its protection, it must be replaced with a new provision that enables the recovery of waqf assets more effectively. For example, by ensuring that waqf assets are used for things that provide welfare and long-term well-being or that waqf funds are distributed fairly to the appropriate parties. This means that within the legal framework, there must also be systematic monitoring and supervision measures to ensure all asset preservation processes waqf, and distribution of waqf assets are implemented effectively and appropriately.

Waqf Governance Criteria That Are Systematic and Straightforward to Enforce

According to Stone & Ostower (2008) and Ihsan & Ayedh (2015), the discussion regarding the issue of governance over a charity or organization is to focus on the accountability of stakeholders. Therefore, it is important to create a clear legal framework system regarding Waqf governance that also helps increase community confidence and more importantly to propose a more comprehensive and effective Waqf governance legal framework and provisions. Without the provision of the legal framework, SIRC lacks jurisdiction to manage Waqf property systematically and efficiently, this can result in various problems in the governance of Waqf property and governance conflicts that are difficult to deal with effectively. Governance is a vital component as a complement to the comprehensive legal and regulatory infrastructure of the Waqf governance system. Compliance with Shariah law in the governance system and efficient governance operations by SIRC are both based on the legal provisions in the Act/enactment and the jurisdiction granted. However, usually, parent laws such as acts and Enactments merely express the key principles in general without detailing

specific procedures and processes. As a result, the parent law must be filled out with methodical and orderly procedures, processes, and system specifics. This is essential for establishing an effective waqf governance system. The development of Waqf is closely related to the confidence of stakeholders, which includes the implementation of a clear, simple, and methodical Waqf institutional governance framework. Waqf institutions, being non-profit organizations, require governance in the same way as profit-oriented corporations run their operations. Therefore, the solution to the lack of details of the process from the master act/enactment of procedures or guidelines by enacting minor legislation authorized by the master act or Enactment. Subsidiary legislation also has its own advantages in that it is flexible which allows the rules to be changed as appropriate without going through the process of amending the law in Parliament which has multiple stages and the process is faster to implement.

Internal Control System Issues, Supervision, and Monitoring of Waqf Asset

Past studies show that less attention has been paid to the supervision and monitoring of the governance of Waqf assets and funds. Supervision of compliance with existing laws, regulations, processes, and procedures is not taken seriously (Hoexter 1998, Sano, M. A. A., & Kassim, S. (2021). This situation is worsened by the lack of evaluation, that is, audits are made on activities and operations of waqf governance periodically by staff and parties involved in waqf governance (Arshad, R., Zain, N. M., Urus, S. T., & Chakir, A. (2018). In fact, it was also found that there is no risk management unit established in most SIRC's. This obviously demonstrates that the research on the governance mechanism is not progressing as it should be in comparison to the development of various forms of waqf nowadays. This demonstrates the critical need for governance change. This problem can be solved by referring to COSO 2013, which is a line guide. The internal operational framework created by the Treadway Organization Sponsorship Committee in 1992 and modified in 2013 is referred to as COSO 2013. This framework is intended to help organizations establish and maintain effective and efficient internal control systems that will aid in the achievement of organizational goals. The advantage is that it can assist the business in identifying, analyzing, and mitigating risks associated with the attainment of the organization's goals.

The COSO 2013 framework is made up of five major components: i) Environmental control: A governance strategy that represents top management's overall approach toward management control. These components include i) integrity and ethical values, commitment to efficiency, the Board of Directors and audit committee, management philosophy and operating style, organizational structure, and human resource policies and procedures; ii) risk assessment: management actions to identify, analyze, and evaluate risks related to the achievement of organizational goals; and iii) control activities: management actions taken within the framework of internal control. Policies and processes, security (application and network), application change management, business continuity or backup, and the usage of external energy are examples of these components. iv) Information and communication: Measures are taken to record, process, and report relevant transactions in order to preserve responsibility. These elements include information quality and communication efficacy. finally Monitoring: A continuous or periodic evaluation of the quality of internal control to ensure that it is functioning properly and that any necessary modifications have been made in light of the current situation.

Conclusion

Following the identification of governance concerns, the responsible body will investigate the internal control system, accountability, integrity, and law enforcement issues to ensure a more effective, efficient, and organized paradigm change in the governance system. There is a lack of enforcement of current legislation, as well as uneconomic Waqf lands that are not developed and abandoned, but a lack of action is taken to address the neglect. In addition, there is still an invasion of waqf land. This happened to one of them as a result of a lack of control over wrongdoing, negligence, and duty neglect. It was discovered that there was very little disciplinary action taken against employees who were careless and did not carry out their responsibilities properly. In fact, no action was taken against people who entered waqf land and trespassed. This demonstrates that those in power are not performing properly. This could be due to negligence, attitude issues, or the SIRC Management's inadequate work manual system. The party holding the trust that shall carry out the assigned tasks must carry out their responsibilities well, and the legislation against trespassers must be strictly enforced. However, the community and stakeholders must have faith in the way SIRC and waqf institutions operate and the governance framework they use.

As a result, the researcher believes that the factors that can help improve, which is a paradigm shift in waqf governance, are not only subject to the drafting of a comprehensive waqf enactment, which must go through a lengthy process in Parliament, but also take advantage of the powers granted through the Act/ Enactment to enact in detail the waqf governance system or mechanism. It can be enacted in the form of guidelines, subsidiary legislation, or administrative orders. The drafting of regulations, guidelines, and minor legislation does not require a long time, does not include numerous processes, and can even be applied in a more timely and practical manner. As long as the formulation of rules, procedures, processes, structures, and guidelines or minor legislation does not conflict with the parent act/enactment, it is legally valid.

While the method of enforcement of compliance with all the rules, guidelines, processes, and minor legislation, can be ensured by the role of top management effectively and sensitively carrying out supervision, monitoring, and evaluation activities. Activities by the top management include systematic and periodic audits. In the event of non-compliance, upper management may take disciplinary action as stipulated in all their Enactments. In addition, top management can refer to COSO 2013 which is an efficient and effective internal control system guideline. COSO 2013 can help an organization clarify what is the right action to be taken and it aims to make good governance a work culture in an organization, provided that top management has to play a role in it. Furthermore, top management might refer to COSO 2013, which is a guideline for an efficient and effective internal control system. COSO 2013 can assist an organization in determining the appropriate course of action, and it strives to make good governance a work culture in an organization, provided that top management plays a role with earnestness and integrity. The findings from this study also summarize the governance principles of both the public sector and the COSO 2013 standards are in line with Shariah governance, but the advantage of Shariah governance is dual accountability, which involves accountability to God and fellow human beings. This means that these governance systems and principles are complementary.

Apart from legal changes and guidelines and stricter enforcement, there are some additional recommendations that can help improve Waqf governance. First, the running of an education and awareness campaign for the community about the importance of Waqf and its role in advancing society and religious institutions. This can help motivate people to take care of Waqf

property more effectively. Next, obliging Waqf institutions to report periodically to the community about how Waqf funds are used and the progress of Waqf projects. This can help improve accountability and avoid misappropriation of funds.

Besides that, involve the community in the management of Waqf property by encouraging their participation in Waqf-related decision-making processes. This can increase community involvement and support for Waqf projects. Then provide periodic independent audits to assess the management and use of Waqf funds. This audit should be done by an outside party that is free from conflicts of interest. Also, provide training and education to staff and managers of Waqf institutions on the principles of good governance and management of Waqf funds. This can help improve their competence and awareness.

Rather than that, motivating cooperation with local companies and entrepreneurs to develop Waqf land. This could involve private investment in the development of undeveloped Waqf land. Using technology also can to monitor the management and preservation of Waqf land. A digital monitoring system can help facilitate management and ensure that Waqf land is not misused.

By taking these recommendations into account, it is hoped that Waqf governance will become more efficient, have integrity, and provide greater benefits to the community and religious institutions

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