



Audit Problems of Waqf Institutions in Indonesia

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The management of waqf in Indonesia faces serious challenges in terms of governance and accountability, especially related to the audit function of waqf institutions. Effective audits are the main prerequisites in ensuring transparency, professionalism, and sustainability of waqf asset management. This study aims to identify and prioritize the main problems of auditing in waqf institutions in Indonesia based on the views of experts. The method used is Delphi, involving 15 expert respondents consisting of academics, practitioners, and regulators in the field of waqf and Islamic economics. Data analysis was carried out using three main consensus indicators, namely mean value, standard deviation, and interquartile range (IR). The results of the study showed that all variables of waqf audit problems reached a consensus level (convergent). The three main priorities for waqf audit issues in Indonesia are financial transparency, management professionalism, and service quality. These findings affirm the importance of strengthening the audit system and waqf governance to increase public trust and the effectiveness of waqf management in Indonesia.

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INTRODUCTION

Waqf is an instrument of Islamic philanthropy that has great potential in supporting the social and economic development of the ummah in a sustainable manner. In Indonesia, the potential for waqf in both land and money waqf is very large, but it has not been fully managed optimally (Irfany et al., 2023). One of the main factors that causes the low level of optimization is the weak governance and audit system in waqf institutions (Ascarya, 2018; Hassan & Yusof, 2019).

Waqf audits are systematic and independent examinations of waqf (Islamic endowment) institutions, assets, and activities to ensure that they are managed in accordance with Sharia principles, legal regulations, good governance standards, and the stated objectives (maqāṣid) of the waqf. Waqf audits have a strategic role in ensuring that the management of waqf assets is carried out in accordance with sharia principles, laws and regulations, and good governance principles. Transparency, accountability, and professionalism of nazhir are crucial issues that continue to be highlighted by the public and regulators (Rusydziana & Al Farisi, 2016). Without a strong audit system, public trust in waqf institutions will decrease, which ultimately has an impact on low waqf participation.

In Islamic jurisprudence, waqf is founded upon the principles of perpetuity (ta'bid), inalienability (taḥbīs al-aṣl), and public benefit (maṣlaḥah). These principles necessitate a robust accountability mechanism to protect waqf assets from misuse and ensure that benefits are distributed according to the waqif's intention (niyyah al-wāqif). Therefore, waqf audits serve not merely as a technical instrument but as an ethical and religious obligation grounded in the concept of amanah and hisbah.

A number of previous studies have shown that the problems of waqf audits are not only technical, but also structural and institutional, such as limited human resource capacity, low transparency of financial statements, and weak innovation of productive waqf programs (Kahf, 2003; Huda et al., 2017). However, there is still limited research that systematically maps and prioritizes waqf audit problems based on the agreement of experts.

The literature on waqf audits is closely related to broader theories of governance and accountability in Islamic institutions. Stewardship theory suggests that nazhir or mutawalli act as trustees who are morally and professionally responsible for safeguarding waqf assets. In contrast to agency theory, which emphasizes

monitoring to reduce opportunistic behavior, stewardship theory highlights intrinsic motivation, trust, and moral responsibility—values strongly embedded in Islamic governance.

Additionally, Sharia governance theory provides a normative foundation for waqf audits. Sharia governance emphasizes compliance with Islamic legal and ethical standards across institutional operations. In this context, waqf audits act as an extension of Sharia governance mechanisms, ensuring that financial management, investment decisions, and beneficiary distributions conform to Islamic jurisprudence (fiqh al-waqf).

From a public sector perspective, accountability theory underscores the obligation of waqf institutions to report and justify their actions to multiple stakeholders, including waqif, beneficiaries (mauqūf 'alayh), regulators, and the wider Muslim community. This multi-stakeholder accountability differentiates waqf audits from conventional nonprofit audits. Therefore, this study seeks to fill this gap by using the Delphi method, which allows researchers to obtain expert consensus regarding the priority of waqf audit issues in Indonesia. The results of the research are expected to be the basis for the formulation of policies and strategies to strengthen the governance of waqf institutions in Indonesia.

METHODOLOGY

This research aims to find priority audit problems in waqf institutions in Indonesia. The data used are the results of interviews with academics, practitioners and regulators of waqf and Islamic economics in general. The total number of expert respondents is 15 experts. The application *software* used as a tool is Microsoft Excel. The method used is the Delphi technique which is a qualitative method based on interviews with experts.

The Delphi method is a group process that involves interaction between researchers and a group of experts related to a specific topic, and through the help of questionnaires. This method is used to get a common point about future trends using a structured information collection process. This method is useful when the opinions and judgments of experts and practitioners are needed in solving problems.

This study will use the 3 most widely used statistical indicators in the application of the Delphi method, namely *mean* values, standard deviation values, and *interquartile range* or IR values. The first measure of convergence assessment is when the answers or

assessments of all respondents have a standard deviation value of less than 1.5 (<1.5). The formula for standard deviation notation as already known is as follows.

$$s = \sqrt{\frac{\sum(x_i - \bar{x})^2}{n-1}} \text{ or } \sqrt{\frac{\sum x_i^2 - \frac{(\sum x_i)^2}{n}}{n-1}}$$

Where:

x = respondent A's answer to instrument n

\bar{x} = average respondents' answers to instrument

n

The next measure is the consensus assessment or convergence where the answers or assessments of all respondents have an *Interquartile Range* value or IR of less than 2.5 (<2.5). The calculation of the IR value is the difference between the upper and lower quartiles (IR = Q3 – Q1), where the quartile value formula is as follows.

$$Q_1 = \frac{x_{(\frac{n-1}{4})} + x_{(\frac{n+3}{4})}}{2}$$

$$Q_2 = x_{(\frac{2(n+1)}{4})}$$

$$Q_3 = \frac{x_{(\frac{3n+1}{4})} + x_{(\frac{3n+5}{4})}}{2}$$

The measurement to express the convergence or consensus level of all variables is when the standard value deviation is <1.5 and the *interquartile value* is *range*<2.5. If one of the indicators does not meet the requirements, then the variable is declared non-convergent or not agreed (divergent). Meanwhile, for variables that have met the requirements, the next step is to rank with the highest average value for each variable that reaches consensus (convergent).

RESULTS

Based on literature studies, there are at least 5 waqf audit problems in waqf institutions in Indonesia, namely: (1) Professionalism, (2) Financial Transparency, (3) Services, (4) Comfort, (5) Innovative Program. Of the 5 elements of waqf audit problems in waqf institutions in Indonesia above, the following is a complete answer in the form of weights given by the 15 expert respondents.

Table 1. Expert Respondent Answer Results

WAQF	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15
Professionalism	6	6	7	9	7	8	8	6	7	9	8	8	8	7	7
Financial Transparency	7	7	8	8	8	9	9	7	6	8	9	7	9	6	8
Services	4	8	9	7	6	7	7	8	8	7	7	6	7	8	9
Comfort	8	9	6	6	9	6	6	5	5	6	6	5	6	9	6
Innovative Program	5	5	5	5	5	5	5	4	4	5	5	4	5	5	5

In the application of the Delphi method, there are 3 most widely used statistical indicators, namely *mean* values, standard deviation values, and *interquartile range* or IR values. Based on the results of the data processing

that has been carried out, the calculation of the priority of the audit problem at waqf institutions in Indonesia is as attached in the following table.

Table 2. Delphi Calculation Results of Waqf Audit Problems

WAQF	Q1	Q2	Q3	IR	STDEV	CONSENSUS		MEAN	RANK
						AND	STDEV		
Professionalism	7	7	8	1	0,986	Convergence	Convergence	7,4	2
Financial Transparency	7	8	9	2	1,033	Convergence	Convergence	7,733	1
Services	7	7	8	1	1,265	Convergence	Convergence	7,2	3
Comfort	6	6	7	1	1,457	Convergence	Convergence	6,533	4
Innovative Program	5	5	5	0	0,414	Convergence	Convergence	4,8	5

Based on table 2, in general of the 5 variables of sharia audit problems in waqf, all variables are agreed upon by experts. Meanwhile, the order of the most important variables of sharia audit issues in waqf institutions in Indonesia is: (1) Financial Transparency, (2) Professionalism, (3) Services, (4) Comfort, (5) Innovative Program.

The results of data processing using the Delphi method showed that the five variables of waqf audit problems, namely professionalism, financial transparency, services, comfort, and innovative programs, all reached a consensus level (convergence) based on the standard deviation (<1.5) and interquartile range (<2.5) criteria. This indicates that there is a strong agreement among experts regarding the relevance and urgency of these five aspects in the context of waqf audits in Indonesia.

Financial audits remain a fundamental component of waqf audits, focusing on the accuracy and reliability of financial reporting. The literature highlights persistent challenges in waqf accounting, such as incomplete asset registries, valuation difficulties, and weak internal controls. These challenges are particularly evident in traditional land-based waqf and newly emerging instruments such as cash waqf and waqf-linked sukuk. Standardized accounting and auditing frameworks are frequently recommended to enhance transparency and comparability. Studies from Indonesia, Malaysia, and Turkey indicate that improved financial auditing practices contribute significantly to donor confidence and institutional sustainability.

1. Financial Transparency as a Top Priority

The financial transparency variable ranks first with the highest average value. These findings confirm that financial transparency is the most crucial issue in the audit of waqf institutions. The lack of disclosure of waqf financial statements is often the main source of low public trust in waqf institutions (Hassan & Ibrahim, 2015). From the perspective of Islamic governance, transparency is part of the principles of trust and accountability that must be maintained by nazhir (Kahf, 2003).

2. Professionalism Wakaf Nazhir

The second rank is occupied by professionalism, which reflects the importance of competence, integrity, and ethics of waqf managers. Many waqf institutions are still traditionally managed and have not implemented professional standards in management and auditing (Huda et al., 2017). These

findings are in line with the literature that emphasizes that increasing the capacity of nazhir human resources is the main prerequisite for the success of waqf governance reform.

3. Services and Service Convenience

The services and comfort variables ranked third and fourth. This shows that the quality of audit services, including ease of access to information and a responsive audit process, also affects the effectiveness of waqf supervision. Good service will increase stakeholder satisfaction and strengthen the legitimacy of waqf institutions in the eyes of the public (Ascarya, 2018).

4. Innovative Programs as a Long-Term Challenge

The variable of innovative programs is ranked last even though it still reaches consensus. This indicates that the innovation of the audit program and waqf management is still not the main focus, although it has an important role in the long term. The lack of innovation is often caused by limited institutional capacity and regulations that have not been adaptive (Rusydziana & Al Farisi, 2016).

Overall, the results of this study strengthen the argument that waqf audit reform in Indonesia needs to focus on aspects of financial transparency and professionalism, without neglecting service quality improvement and institutional innovation.

CONCLUSION

This study aims to find priority audit problems in waqf institutions in Indonesia using a simple delphi technique. Based on the results of the calculation, in general, of the 5 variables of sharia audit problems in waqf institutions in Indonesia, all variables were agreed upon by experts. From the results of the calculation using the Delphi method, the 3 main priorities of the audit problem in waqf institutions in Indonesia are: (1) Financial Transparency, (2) Professionalism, (3) Services. Despite growing interest, empirical research on waqf audits remains limited. Most existing studies are conceptual or descriptive, with few providing robust empirical evidence on the effectiveness of audit mechanisms. Future research may focus on developing standardized waqf audit indices, examining the relationship between audit quality and waqf performance, and exploring digital and technology-based audit tools for waqf institutions.

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