

Insights into Financial Management Practices of Tahfiz Institutions (TI): A Selangor Perspective

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Received: August 17, 2023

Accepted: November 15, 2023

Online Published: November 23, 2023

doi:10.5430/afr.v12n4p132

URL: <https://doi.org/10.5430/afr.v12n4p132>

Abstract

This study investigates the financial management practices of TI, which include processes such as planning and budgeting, collection, payment, recording, and reporting. The research was conducted on 58 TI located in Selangor. The participants involved in the study were personnel responsible for the financial matters of the TI, including management and administrative staff. In general, among the five criteria evaluated, the payment status of TI which included payment records with proper supporting documents and details, on time and segregation of duties throughout the payment process. demonstrated an excellent performance with an overall mean score exceeding 4.0 (on a scale of 1 to 5, with 5 being the highest). Following payment, the performance rankings were collection, recording, reporting, planning, and budgeting. The weak performance in reporting, planning, and budgeting mirrors the situation observed and proven empirically in other non-profit organizations (NPOs) and small and medium enterprises (SMEs) literatures. These entities often lack expertise in these areas due to insufficient staff, the absence of guidelines, and lack of awareness regarding the importance of financial management components. While payment, collection, and recording represent the core operations of TI, deficiencies in these areas can adversely impact its day-to-day functioning. Nevertheless, all aspects of financial management (FM) are crucial for TI's sustainability and survival. By establishing sound FM practices, these TI can enhance their chances of maintaining quality standards and avoiding future financial shortfalls. TI as part of the NPO which resources depending on the donation from others really need a good FM to ensure their sustainability and their uninterrupted operation.

Keywords: financial management practices, tahfiz institution (TI), financial reporting, small and medium enterprise (SME), non-profit organizations (NPO)

1. Introduction

Universally, it is commonly agreed that financial resources are essential and needed by all organizations to enable them to run their operations. Without financial resources, the organization will not be able to operate and achieve the vision and mission of its establishment. Thus, it is crucial for an organization to ensure that their financial resources are not only sufficient to cover their operation costs but being well-managed. Good financial management practices is very critical irrespective of the size and location (Okyere et al., 2018). In addition, Gawali and Gadekar (2017) highlighted that financial management practices are essential in ensuring better financial management decisions for the survival, growth and profitability of an organization. This can only be achieved if the organization adopts a good and systematic financial management process.

1.1 Problem Statement

In realising the importance of financial management, studies related to this area continue to be of concern to researchers. The study on financial management is not only focused on profit organizations but also extended to non-profit organizations. In Malaysia, among the non-profit organizations that are increasingly established is the TIs. These institutions offer an alternative education system to parents who want religious education for their children. The TI which focuses on memorising the Quran as well as academic subjects are gaining popularity among the Muslim parents. Ahmad Rodzi (2021) reported that in 2021, there are 1,198 registered TIs with 82,643 students nationwide. Of this number, 94.7% are comprised of private TIs operating using sources of income from fees, contributions from the government, public, corporate organizations, religious funds, and business income (Yusop et al., 2020). Although the financial resources from the fees charged to students are not able to bear the entire operating

costs, but with the continuous contribution from various parties allows the Institution to continue to operate. Contributions given are included in the form of cash, goods and building facilities. Despite many parties being interested in contributing financial resources to the TI, there are numerous issues that affect the conduct of these institutions. The most frequently mentioned issues related to financial resources of TIs are accountability, inefficient administration, and lack of transparency in fund management (Hamidah Bani et al., 2017). Meanwhile, Wani Muthiah (2019) reported a case of tahfiz fund misappropriation involving the chairman and principal of a tahfiz school. Such cases prove the need for proper financial management especially when it involves institutions that receive crowd funding as one of their main sources of funds. Financial management will assist NPOs not only focusing on sustaining funds and minimizing deficits (Zietlow et al., 2018), but it is important to ensure a high level of confidence and trust among fund contributors.

TIs are facing a challenge regarding the collection of school fees (Yusop et al., 2020). This issue is worrisome because both private and public TIs currently rely solely on student fees (Misbahrudin & Mohd Noor, 2022; Bani et al., 2017; Bani et al., 2023). It has been reported that the outstanding student fees in Tahfiz schools have reached RM8 million (M. Zain, 2021). This situation becomes even more critical as some parents, affected by the COVID-19 pandemic and the Movement Control Order (MCO), are unable to pay the fees charged by the Tahfiz schools. Additionally, the problem is also exacerbated by ineffective financial management.

1.2 Significance of the Study

The issues and challenges faced by TIs need immediate attention as there has been a growing demand for the education system offered by these institutions. The government has taken the initiative through the 2020 and 2021 budgets by allocating 5 million for the development of TIs throughout the country. This one-off assistance may not be well-utilised if it is not managed effectively. In Malaysia, several studies have been conducted related to financial management involving religious institutions such as the financial management of mosques, zakat and waqf. However, studies related to the financial management of TIs are still limited. TI as an educational institution is different from other religious institutions especially in managing the funds obtained from the collection of fees charged to students. In realising the differences and gaps of the existing literature, this study aimed to examine the current financial management practices among TIs which cover the planning and budgeting process, collection, payment, recording and reporting process. Findings of this study are expected to provide some input to the management of Tahfiz in making improvements particularly in the financial management process. Indirectly, it will help these Institutions to overcome financial constraints resulting in inability to provide adequate facilities, safe learning environment and trained teachers.

1.3 Literature Review

1.3.1 Financial Management Practices at a Glance

Financial management practices in non-profit organizations can be defined as established procedures that enhance the effective implementation of financial accounting, reporting, budgeting, and related activities (Sa'eed et al., 2020). These practices encompass a variety of processes and strategies aimed at effectively managing financial resources and ensuring a long-term financial sustainability. Nkundabanyanga et al. (2017) categorized these practices, which include planning, controlling, accounting, cash flow management, capital budgeting, and working capital management. Additionally, Musah et al. (2018) identified specific operational variables, such as working capital management, accounting and information systems, financial reporting and analysis, capital structure or financing structure, and capital budgeting, that contribute to financial management practices. Based on the given definition, financial management plays a critical role in the accounting function of non-profit organizations. It involves the systematic implementation of various processes and activities to effectively handle the organization's financial resources. Ultimately, the implementation of these practices, as described by Sa'eed et al. (2020), improves the technical efficiency of an organization.

Effective financial management practices are essential in TIs, as they face financial constraints that hinder their ability to provide adequate facilities, maintain a safe learning environment, and employ trained teachers (Anas et al., 2019). Unlike for-profit organizations, TIs prioritize delivering quality education over generating profits, necessitating a focus on sustaining funds and minimizing deficits. This requires efficient resource management, including proper planning, execution, and evaluation to achieve value for money. The implementation of efficient financial management strategies enables TIs to tackle their financial challenges, including the concerning issue of school fee collection (Yusop et al., 2020). This issue is particularly worrisome as both private and public TIs heavily depend on student fees as their sole source of revenue (Misbahrudin & Mohd Noor, 2022; Bani et al., 2023).

1.3.2 Important Categories in Financial Management Practices

(1) Planning and Budgeting

The financial management process should begin with planning and budgeting, as the process is one of the most critical aspects of financial management. It reflects their strategic goals, mission, financial accountability and transparency of organizations (Pérez Brito & Bojórquez Zapata, 2020). In recent years, scholars have explored various aspects of financial planning, including its impact on organizational performance, the best practices, and the challenges that non-profit organizations face in financial planning. Non-profit organizations that engaged in financial planning were better able to allocate resources, and had a more strategic focus which led to better performance (Grozdanovska et al., 2017).

In order to develop a good practice of financial planning, NPO needs to develop a budget that aligns with their strategic goals and objectives. Budgeting is a critical tool for NPOs to plan and control their finances effectively (Lapovsky and Warren 2018). NPOs should adopt a participatory budgeting process that involves all stakeholders in the organization, including the board of directors, staff, volunteers, and donors (Lapovsky and Warren 2018). Furthermore, Klopfenstein and Thomas (2019) emphasize the importance of monitoring and evaluating budgets for NPOs. They argue that NPOs should use key performance indicators (KPIs) to measure their financial performance against their budgeted goals. The authors suggest that NPOs should use KPIs such as revenue growth, expense ratios, and cash reserves to assess their financial health and identify areas for improvement.

(2) Collection

Financial management in TIs also covers the process of managing collection. This process holds great significance as it involves the effective management of collecting funds, which serve as the primary sources of income for TIs. These sources, as highlighted by Misbahrudin and Mohd Noor (2022) and Bani et al. (2023), encompass the collection of student fees, along with donations and various contributions. A study conducted by Anuar et al. (2019) indicates that receipts, disbursements, and asset management are the key areas that demonstrate a high level of practice in zakat institutions. Additionally, the findings of the study reveal a positive correlation between financial management and financial performance. Enhancing collection methods is vital for maximizing fundraising efforts in NPOs. The fundraising landscape has experienced a significant shift from traditional approaches, like in-person events, towards online giving. Research has indicated that attitudes towards online donations for COVID-19 response are influenced by factors such as charitable projects, internet technology features, social media platform features, and religiosity, as highlighted by Bin-Nashwan and Al-Daihani (2020). NPOs that effectively leverage social media as part of their strategy have successfully expanded their donor base and achieved higher fundraising outcomes. To ensure effective fundraising, strategic planning and continuous evaluation are crucial elements.

(3) Payment

Payment procedures also holds an equal importance in ensuring an effective financial management in every organization. It involves managing the outflow of cash from the organization efficiently through proper classification, documentation and record of each transaction. Kamarudin and Ramli (2017) in their study have stressed on the importance of controlled activities as one of the internal control practices in NPOs. This component is closely related with the payment procedures particularly on the authorisation of transactions. Applying the same control activities in TIs through a proper authorisation of payment transaction and supplemented by sufficient documentation will then ensure a sensible cash outflow from the institution. Arshad et al. (2015) on the other hand also concerned on the possible fraudulent activities which can happen in NPOs, such as embezzlement of funds and misuse of charitable funds collection. Hence, identifying financial and non-financial risks is highly important as a red-flag indicator for such unusual transactions relating to payment and fund disbursement procedures in NPOs.

(4) Recording

Financial recording is another essential aspect of implementing sound financial management practices. A case study conducted by Matewos (2018) has revealed a sound financial recording being maintained by an Ethiopian church, through timely recording of financial transactions, compliance with acceptable accounting standards and proper documentation records. This is supported by Said et al. (2013) who emphasized on proper financial recording in mosque as an element of good internal control system which eventually resulted to a proper financial management practice. Hence, being a non-profit organization in Malaysia, TIs should ensure that this recording element is being put in place to enhance public and even the regulator's confidence to channel their money to the institution.

A recent study by Dzakaria et al. (2020) have highlighted on the informal money management system maintained by most Tahfiz schools in Malaysia. Without proper recording system on the money received and collected as well as

how the money is being used for, potential donors mainly the public community may feel discomfort and reluctant to support the school management financially. This will eventually result to inadequate facilities and improper education system provided to the Tahfiz students (Dzakaria et al., 2020).

(5) Reporting

The capability of TIs to generate financial reports and establish internal control structures is another integral component of effective financial management practices. Due to TIs accountability and social obligation, financial reports provided by TIs should provide sufficient and essential information to their stakeholders (Endut et al., 2020). The reports should be used to support the TIs management in evaluating their efficiency in managing its resources and obligation as well as assessing the performance of TIs (Reheul et al., 2017). To ensure the quality of the reports, a proper internal control structure should be in place in order to curb the misappropriation of fund activities (Islamiyah et al., 2020), and inaccurate financial report (Ahmad et al., 2020). External audit on TIs financial reports is highly recommended as it will ensure the reliability of the information disclosed in the reports which lead to higher public donations and contributions (Feng, 2020).

1.4 Conceptual Framework

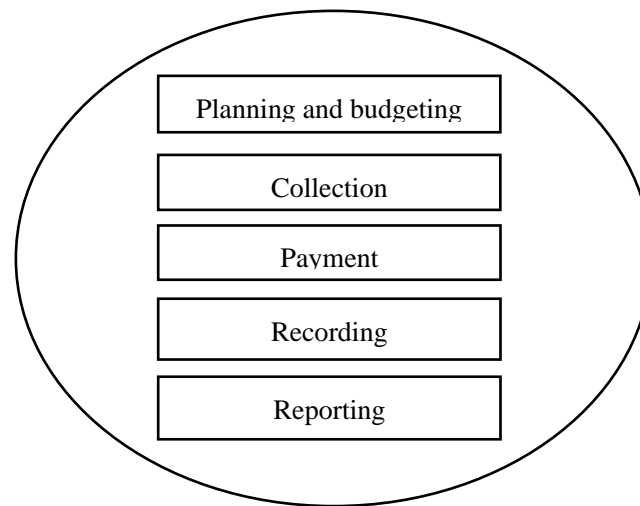


Figure 1. Financial management practices in TIs

Figure 1 above illustrates the conceptual framework for this study. The current study divided the financial management practices of TI into 5 categories that are adopted from the study by Sa'eed et al. (2020) and Nkundabanyanga et al. (2017). The combinations of these categories are suitable with the context of this study that look upon the TI in Malaysia. As of today, there are no suitable financial management practices that are established to represent the practices in TIs.

2. Method

2.1 Sample Selection and Data Collection

For this study, the targeted respondents are the managers of the TIs and the accountant or the account clerk that is in charge with the financial matters of the TIs. Questionnaires were distributed to 78 participants of Financial Management Workshop for TIs. All the participants are from 58 TIs registered under Persatuan Institusi Tahfiz Negeri Selangor (PITAS). Out of 78 questionnaires distributed, there are 56 responses (72%) that are usable for this study.

2.2 Survey Questionnaires

The questionnaires were divided into two parts which is Part A for the demographic information while Part B is on the financial management practices of the TIs. Questions in part B were adopted and adapted from Matewos (2018) Financial Management Practice of Church: The Case of the Ethiopoan Evangelical Church Mekane Yesus. All the items in the questionnaires were assessed based on a 5-point Likert scale with 5 being 'Always' and 1 being 'Never' (Pimentel, 2019). The questionnaires were prepared in Malay version to accommodate the respondents' understanding. The financial management part of the study was divided into 5 areas which are 1) planning and

budgeting, 2) collection 3) payment 4) recording and 5) reporting.

3. Results and Discussion

3.1 Descriptive Analysis

As displayed in Figure 2, the participants in this study are individuals responsible in handling financial matters in TIs. A large portion of the respondents, approximately the majority, fall within the age range of 26 to 35 years old. About a quarter of the respondents are below 25 years old, and the remaining respondents are over 36 years old. This distribution indicates a prevalence of young personnel in charge of monetary affairs. However, their relative lack of experience may pose challenges in making wise decisions and increase the likelihood of making mistakes, especially when confronted with unforeseen events.

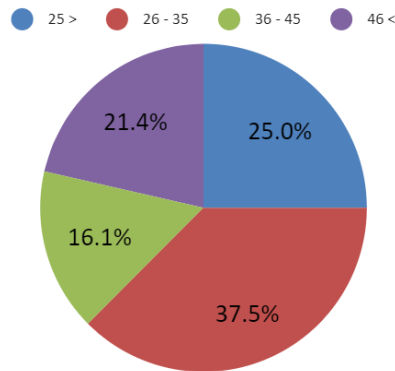


Figure 2. Age of respondents

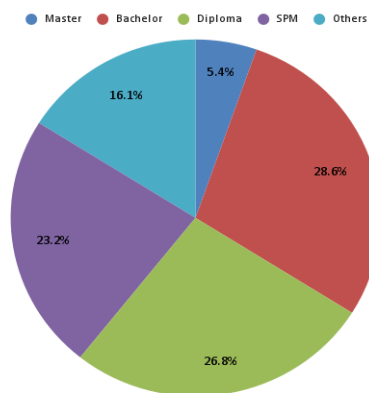


Figure 3. Academic Qualifications

Based on Figure 3, the respondents have diverse academic qualifications, with the majority holding bachelor’s degrees, diplomas, or SPM certificates. Some respondents have higher qualifications, such as master’s degrees. This indicates a strong educational foundation and knowledge among the respondents. Although we do not have specific information about the types of qualifications they possess, the training and experiences they have gained through their academic pursuits are valuable. These qualifications help them make decisions and build networks, particularly in financial matters, which are crucial for the operation and management of institutions (Strydom & Stephen, 2014).

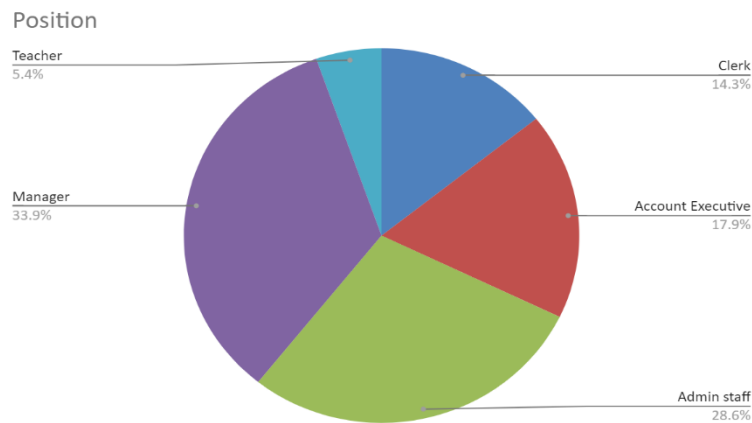


Figure 4. Position of the respondents

Additionally, from Figure 4 above, among 56 respondents, most of them are the managers who are responsible for financial matters. The manager or known as principal or Mudir among the TIs, is the head of the administrative system of the institutions. The managers also assist the deputy or the group of management in some of the financial matters. Whereas, about 30 percent of the respondents are among the administrative staff who are assigned for other matters such as the students and school affairs. It is a good indicator to see some TIs having a specific position of Account Executive who are experienced and competent in this study. About 15 percent of the respondents are in clerical positions, who also work as the admin staff which basically have the lowest rank of responsibility. However, looking at the academic qualifications, it is considered that these clerks possess good academic background which may be a good use in solving any financial matters. Lastly, some TIs also have their teachers in charge of the financial matters. These scenarios should be avoided to ensure a good segregation of duties and encourage specialisation among staffs. It is recommended for the TIs to have their own finance sub-committee in order to maintain a great focus and make better decisions for their survivability especially during a financial crisis (Strydom & Stephen, 2014).

3.2 Empirical Findings

The financial management practices of TIs are assessed using a conceptual framework comprising five aspects. As mentioned in the earlier subsection, the evaluation involves a measurement scale of five Likert points, ranging from "1 = Never" to "5 = Always." Table 1 reflected the range of the likert scale adopted from Pimentel (2019).

Table 1. Likert scale adopted

Mean score range	Likert scale equivalent
1.00 – 1.79	Never
1.80 – 2.59	Rarely
2.60 – 3.39	Sometimes
3.40 – 4.19	Often
4.20 – 5.00	Always

Based on Table 1, practice reported using "Never" corresponded to mean scores 1.00 – 1.79. Practice that were rarely corresponds to mean scores 1.80 – 2.59, Sometimes refer to mean score 2.60 to 3.39. Finally, practice of "Often" had mean score of 3.40 to 4.19 and "Always" used equaled mean scores of 4.20 to 5.00.

In this study, financial practices scoring 3.4 and above are considered ideal, considering that TIs are not mandated to prepare financial statements (Hamidah Bani et al., 2017). Practices scoring below 3.4 indicate areas where TIs need to improve and take necessary actions for enhancement.

3.2.1 Financial Management Practices in Terms of Planning and Budgeting

Table 2. Planning and budgeting

No.	Item	Average
1	Budget is prepared at the end of each preceding year.	2.7
2	Tahfiz Budget is presented at the beginning of the school year.	2.7
3	Financial planning is made at each section/unit level for annual financial planning.	2.9
4	Project budget is based on the cost of planned activities.	3.4
5	Financial officers and Tahfiz managers are responsible for budgeting.	3.5
6	The prepared budget has clear explanation notes and calculations.	3.6
7	Certain staff is appointed to manage the budget.	3.7
8	All planned operating costs are funded by sufficient funds.	3.6
9	Cash flow projections for the Tahfiz Institution are prepared every year.	3.2
10	Strategic planning of the Tahfiz Institution includes long-term financial planning and is updated from time to time.	3.1
11	Budget holders receive monthly budget monitoring reports, explanations, and comments on budget monitoring report differences.	3.1

Based on Table 2 above, the result shows the highest mean of 3.7 reflected that most of the Tahfiz schools appointed specific staff to manage the budget. This is followed by item 6 and 8 on the prepared budget has clear explanation notes and calculations and all planned operating costs are funded by sufficient funds. This shows that TIs have adequate knowledge to prepare the budget with suitable management responsible for the planning and handling the appointed staff. On top of that, the budget for TIs is also prepared based on the cost of planned activities and with details notes and explanation. However, the preparation of the budget is not prepared timely, no communication and information from the respective departments with regards to budget required from each department.

The planning and budgeting practices in TIs are currently unsatisfactory, mirroring the situation observed in the financial practices of small and medium-sized enterprises (SMEs) in Tanzania. Research conducted by Mang'ana et al. (2023) reveals that the management practices of capital budgeting and financial reporting have little impact on the performance of SMEs. As a result, it is crucial for regulators and policymakers to prioritize and promote the adoption of effective working capital budgeting practices among both for-profit and non-profit organizations.

3.2.2 Financial Management Practices in Terms of Collection

Table 3. Collection

No.	Item	Average
1	Every receipt of money is classified according to the types of receipts (e.g., fees, donations, zakat).	4.4
2	Receipts are issued for every cash, online, and cheque payment.	4.5
3	The date, description, amount, and receipt number for each receipt are recorded in the cash book.	4.1
4	Cash is kept in a locked deposit box under the care of a responsible individual.	4.2
5	Cheque receipts are deposited into the bank within a week.	4.3
6	Cash exceeding the maximum limit (e.g., RM2,000) is deposited into the bank the next day.	3.7

According to the information presented in Table 3, the selected TIs demonstrate strong fund collection practices, with most scores surpassing 4.0. The data indicates that the highest average score of 4.5 is achieved for item 2, which pertains to the issuance of receipts for all cash, online, and cheque payments. This is closely followed by item 1, which involves the classification of receipts based on their types (e.g., fees, donations, zakat), and item 5, emphasizing the timely deposit of cheque receipts within a week. Additionally, item 4 also highlights the practice of keeping cash in a locked deposit box and within the supervision of a responsible individual. This demonstrates effective internal control measures for cash management, which serve to prevent manipulation and any misappropriation of funds (Islamiyah et al., 2020).

As discussed by many literatures (Mohd Ali et al., 2017; Hommerová & Severová, 2019; Yusop et al., 2020), the

collection of money by NPOs including TIs can be from many sources such as the fees, donations, government grants, and business income. The significant of funds is very important, especially on the fund diversifications which ensure NPOs to be able to survive even though the major collection of funds which is the fees (Ali et al., 2017), are absent due to many factors such as the economic downturn (Matsimbi & Mtapuri, 2014), management problems (Lu et al., 2020), fraud and abuses (Arshad et al., 2015; Islamiyah et al., 2020; Razak et al., 2022) and COVID outbreak (Kim & Mason, 2020).

3.2.3 Financial Management Practices in Terms of Payment

Table 4. Payment

No.	Item	Average
1	All payments of money are classified according to the type or nature of payment (Example: salaries, bil payments)	4.7
2	All payments shall be based on relevant supporting documents and proof of payments shall be kept properly	4.7
3	Details of each payment shall be recorded in cash book (date, description, amount, and reference number)	4.2
4	All payments shall be made within 14 days after the receipt date of invoice or bill	4.1
5	All cheques shall only be endorsed and signed when all details are properly written on the cheques	4.5

As reported in Table 4, the selected TIs are said to be good in their payment procedural practices. The result shows the highest mean of 4.7 with regards to item 1: classification of payment and item 2: verification of payment based on its relevant supporting documents. This is followed by item 5 on the endorsement of cheque with the details being properly written on it. These findings posit that TIs, despite being NPOs, put a significant attention on the documentation and record keeping, as well as authorisation on each payment transaction made. This is also in line with the qualitative study done by Kamarudin and Ramli (2017) on selected NPOs in Malaysia which also maintain good practices on the above two controlled activities.

Meanwhile, item 3 and item 4 are also of equal importance to the TIs under study with the mean score of 4.2 and 4.1 respectively. In terms of detailed recording of each payment made by the TIs, some transactions may have difficulties in obtaining proper information especially when the payment is made to unregistered or informal business supplier. The 'borrower' may also do not provide any invoice or bill which complicates the recording process of the payment to be made. With verbal transaction and no invoice or bill provided, this will also affect the payment to be made within the two-weeks period of such transaction.

3.2.4 Financial Management Practices in Terms of Recording

Table 5. Recording

No.	Item	Average
1	There are separate cash book for each bank and cash account	3.3
2	All cash books shall be updated at least once every month	3.6
3	All cash books shall be properly written using permanent ink or in computer	4.2
4	The principal oversees the financial record management of TIs every month	3.8
5	Bank reconciliation statement shall be made every month for each bank account	3.7
6	Bank reconciliation statement shall be reviewed by a person other than the preparer.	3.1
7	Review and verification shall be done on the adjustment of the cash in hand	3.8
8	There shall be a record on the outstanding payment (Example: payment to supplier) and outstanding receipts (Example: receipt from staff and students)	3.6

There are eight items being assessed to the respondents in the current study that represent the recording element in financial management practices. From Table 4 below, the highest mean is for item 3 which is 4.2, suggesting that proper and clear recording either in physical books or using appropriate software or computer tools is very important to ease the monitoring process of each transaction. A vast amount of research has been conducted on the impact of accounting or business software to the profit organizations. For instance, studies conducted by Chong and Nizam

(2018) and Kumar (2019) revealed that accounting software system is crucial as an added value to businesses, organizations, and the economy. Hence, being in the current era of technology and digital economy, the use of software will help the organization including TIs to produce proper recording and complete reporting easily. Through the paperless system, recording can be updated real-time which can reduce error and outdated entries Kumar (2019). The second highest mean is 3.8, for item 4 and 7. These two items relate closely with authorisation of transactions and records, as highlighted by (Kamaruddin & Ramli, 2017). With regards to item 4, being the top management of TIs, it is expected that the principal shall monitor the financial record management at a regular period, for instance monthly or quarterly. This can help the management to trace any missing record throughout the operation of the TIs. Item 7 on the other hand concerns on the review and verification of cash adjustment by an appropriate staff such as the finance accountant. Hence, this adjustment shall not be done unless by an authorised person to ensure the accuracy of such adjustment.

Next, while item 5 has a mean of 3.7, item 2 and 8 received a similar mean of 3.6, where all these three items stressed on routine and timely updates on the records including cash book, bank reconciliation statements as well as record on outstanding payments and receipts. By having this regular update, the management can have a clearer picture on the cash inflows and outflows of the organization and will be better prepared for audit verification. This will also enhance donor's confidence on the money contributed to TIs (Razak et al., 2022). Items 1 and 6 have the lowest but satisfactory mean among all other items, which are 3.3 and 3.1 respectively. This might denote less concern on the proper segregation of duties on the financial management practices in TIs or even lack of human resources to manage the financial aspect of TIs (item 1). Hence, for item 6, the respondents might think that having the same person but with adequate financial knowledge is sufficient to ensure accurate financial records.

3.2.5 Financial Management Practices in Terms of Reporting

Table 6. Reporting

No.	Item	Average
1	The board reviews the financial reports every 3 months	3.2
2	Managers discuss financial report at least once every 3 months	3.3
3	Details of cash and bank balances, amounts due (e.g., employees) and debts (e.g., suppliers) are stated in the financial statements	3.7
4	The tahfiz institution reports all the assets that they owned	3.6
5	The tahfiz institution sends financial reports to JAIS	3.4
6	Financial reports are used in decision making process	3.7
7	The financial information is shared with the stakeholders at least once a year	3.0
8	Annual audits are made and signed within 6 months from the end of the year	2.9

Based on Table 6 above, the selected TIs have generally reasonable reporting practices. The highest mean is 3.7 for item 3 and item 6. This finding suggests that the TIs have disclosed quite often information on the cash and bank balances as well as amounts due from employees and obligations to third parties such as suppliers. In addition, the TIs have reported quite often all assets that they owned as shown by a mean of 3.6. This finding suggests that the TIs have internal control in place by recording the resources and obligations that they have. It is good that the financial reports are quite often being used by the management of TIs in the decision-making process. A mean score of 3.4 may suggest that TIs are less often submitting the financial reports to the regulator (JAIS). Similarly, the board less often reviews the financial reports at regular intervals of 3 months and TIs management have less often discussed the report for the same period as indicated by a score of 3.2 and 3.3 respectively. The financial information of TIs is not often shared with the stakeholders as denoted by a mean score of 3.0. The lowest score is 2.9 indicating that financial reports of TIs are sometimes annually audited and signed within 6 months from the end of the year. To ensure the reliability of the financial reports prepared by TIs, the reports should be audited and authorised within a reasonable time.

This study suggests that even though TIs may have insufficient supporting staff, TIs should improve this reporting practices in all aspects particularly on the annual audited financial statements and the frequency of the sharing of financial information with the stakeholders. Although it is not compulsory for the TIs to have audited financial statements, such practice is expected to ensure the reliability and trustworthiness of the financial reports prepared by the management. The financial information should be disseminated to the stakeholders more frequently to ensure the

transparency of the information regardless of whether stakeholders demand such information or not. The management and board should discuss and review the financial report frequently to evaluate the financial position and performance of TIs so that they will be able to make proper planning and decision making. The regulators like JAIS should be more proactive to encourage all TIs to submit financial reports to them. The benefits of having proper financial reports should be highlighted. Even though other practices in relation to reporting of assets, cash, receivables and payable are better, all TIs are anticipated to have prepared such reports as they are very crucial to assist TIs in making decisions.

4. Conclusion and Recommendation

Based on the above discussion, this study concludes that TIs should disclose fully the financial position by keeping a full set of information on TIs transactions. Both financial and non-financial management are important to determine the sustainability of NPOs. However, the financial aspects are deemed to be more crucial as highlighted by Iwu et al., (2015). The study highlighted that in order to remain sustain, NPOs shall be able to achieve not only their mandate, but also have the capability to operate beyond their costs.

Among the challenges faced by TIs is insufficient support staff to assist them in the preparation of financial reports. To overcome this problem, TIs, through their association, should have collaboration with universities, accounting firms or other profit-based organizations as TIs can be included as part of their corporate social responsibility activities. As suggested by Bani et al. (2017), effective financial management is highly crucial in determining the survival of TIs. Thus, the management of TIs should be exposed to the importance and benefits of having proper financial management system so that the management would be able to develop and execute better financial strategies.

Acknowledgements

The authors would like to express their gratitude to the top management of Persatuan Institusi Tahfiz Negeri Selangor (PITAS), for their collaboration in organizing the financial management workshop for TIs, and the Faculty of Accountancy, Kampus Puncak Alam, Selangor, Malaysia for funding and facilitating this research project.

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