

## Harmonization between International Accounting Standards and the Provisions of the Islamic Sharia for the Management of WAQF Assets

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Article Info	Abstract
<p><b>Article History</b></p> <p>Received: June 16, 2021</p> <p>Accepted: January 22, 2022</p> <hr/> <p><b>Keywords :</b> Holy Qur'an, the Waqf Sector, Economic And Social, Islamic Religion</p> <p><b>DOI:</b> 10.5281/zenodo.5889088</p>	<p><i>Our contemporary period has seen several developments in different economic and social spheres, which has resulted in an expansion in the services supplied by the state to society. Thus, Waqf has a great importance in our Islamic religion because of its great virtues and high levels, and it is considered one of the best acts of drawing closer to Allah, and it was inferred in many sites in the Holy Qur'an, even if it is not mentioned as directly, but the Sunnah of the Prophetic and the consensus of scholars came to describe and establish it directly. Waqf is a language that refers to control and restraint, and the plural are Awqaf and Wouqof, Waqf in the legal terminology is to retain property and direct its benefit, seeking a reward from Allah the Almighty. With the growth of the Waqf sector and the increase in its activities and the problems facing it and the risks and its needs for accounting standards that are compatible with the best accounting practices in Awqaf foundations, it was necessary to turn to the International Accounting Standards for the public sector, which are based on their application in preparing financial statements of general purpose for public sector establishments that refer to the financial statements issued to users who are unable to request financial statements that meet their specific information needs in order to achieve international compatibility with those standards, and it was developed through the International Accounting Standards Board in the Public Sector, which was established through the International Federation of Accountants.</i></p>

### Introduction

The research issue is the harmonization between the International Public Sector Accounting Standards (IPSAS), the Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the provisions of the Islamic Sharia regarding the management of Waqf assets. Hence, the study problem can be summarized in the following points:

1. How important is it to use International Public Sector Accounting Standards (IPSAS) for Waqf management?
2. How important is it to use the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) guidelines for Waqf management?
3. What are the Islamic Sharia regulations for Waqf management?

### Study Objectives:

The study's overarching objective is to integrate worldwide accounting standards with Islamic Sharia regulations for the administration of endowment funds. The main goal is broken into various objectives, which are as follows:

1. Assessment of International Public Sector Accounting Standards (IPSAS) application for Waqf management.
2. Examination of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) requirements for Waqf management.
3. Familiarization with Islamic Sharia provisions for Waqf management.

### Study Significance:

In light of the study's problem and objectives, its significance stems from the fact that it is a new topic, as well as the nature of harmonization between international accounting standards for the public sector and Islamic Sharia provisions regarding endowment asset management, and maintaining its sustainability in the face of a rapidly changing and influential business world. As a result, the significance of the research is as follows:

1. Defining the significance of International Public Sector Accounting Standards for the management of Waqf.
2. Defining the significance of the Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) for the management of endowments.

3. Presenting the proposed harmonization between the International Public Sector Accounting Standards (IPSAS), the Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the provisions of the Islamic Sharia regarding the management of Waqf in the United Arab Emirates.

#### **Study Approach:**

The researcher relied on the descriptive analytical approach, which is based on determining the harmonization between the International Public Sector Accounting Standards (IPSAS), the Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the provisions of the Islamic Sharia regarding the management of Waqf in the United Arab Emirates. In order to work on diagnosing the research problem and presenting it in all its aspects, where the study will focus on all aspects of Waqf in Islam, and the analytical approach through analyzing the International Public Sector Accounting Standards with the provisions of the Islamic Sharia in the UAE. The researcher also adopted the historical approach to define the historical stages of the establishment and development of the Waqf in the United Arab Emirates.

#### **Study Plan:**

##### **First Chapter: International Accounting Standards**

**First Section:** Definition, Significance and Objectives of the International Public Sector Accounting Standards (IPSAS).

**Second Section:** Definition, Significance and Objectives of the Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

##### **Second Chapter: Provisions of the Islamic Sharia related to the Management of Waqf Assets**

**First Section:** Definition, importance and objectives of the Waqf in Islam.

**Second Section:** The Provisions of the Islamic Sharia related to the Management of Waqf Assets.

#### **Conclusion**

#### **Findings and Recommendations**

##### **First Chapter: International Accounting Standards**

##### **Introduction and Division:**

The application of International Accounting Standards in the Public sector should be consistent with accounting practices, as calls for the issuance of International Accounting Standards for the Public sector Institutions have begun, to be a regulatory body to issue these standards, which will be through the International Federation of Accountants, the International Public Sector Accounting Standards Board as well as its publications, and these standards will be highlighted through the following sections:

**First Section:** Definition, Significance and Objectives of the International Public Sector Accounting Standards (IPSAS).

**Second Section:** Definition, Significance and Objectives of the Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

##### **First Section: Definition, Significance and Objectives of the International Public Sector Accounting Standards (IPSAS).**

International Public Sector Accounting Standards are formal statements that appear and reflect certain types of transactions and other events in the financial statements accordingly, as compliance with Accounting Standards is reliable and recognized, and is considered necessary to obtain a presentation of the financial statements.

It is defined by the International Public Sector Accounting Standards Board as setting out the requirements for recognition, measurement, presentation and disclosure that address the processes and events in general purpose financial statements.

The International Public Sector Accounting Standards contribute significantly to achieving the compatibility of accounting policies at the international level by providing guidance and direction to professionals in the field of accounting in order to improve the quality of financial statements, and achieve full disclosure of the activity of public sector units, in addition to improving the comparability of financial information between different periods at the international level, it seeks to standardize the accounting practices of government units at the international level by achieving convergence in terms of preparing and presenting financial statements for Public sector units, encouraging international accounting coordination to develop and modernize public accounting systems, and raising of the financial reporting quality of government financial statements.

It addresses financial reporting issues in the public sector that have not been comprehensively dealt with in the current International Financial Reporting Standards (IFRS) or that the Board has not formulated standards to address, and that international interaction with International Accounting Standards in the public sector is currently moving away from the cash basis, and moving towards the basis of maturity gradually, and at the same time the countries of the world can benefit from these standards, and take what suits them to comply with their own standards and legislation.

## **Second Section: The Definition, Significance, Objectives and Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).**

The Islamic economic system is a belief system that combines worship and transactions where there is no separation between them. therefore, it is a system that depends on Allah Shari'a, its view of property and how to benefit from it, is differs from the view of man-made economic systems in all its forms and types .

The Standards of Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI): AAOIFI is one of the most significantly international non-profit organizations supporting Islamic financial institutions, as it was founded in 1991 AD and its headquartered in the Kingdom of Bahrain. it has highly influential professional achievements, primarily the issuance of (100) standards so far in the field of accounting, auditing, work ethics and governance, in addition to the Shari'a standards adopted by central banks and financial authorities in a group of countries as mandatory or indicative. The authority also enjoys the support of a number of member institutions, including central banks, regulatory authorities, financial institutions, accounting and auditing firms, and legal offices from more than (45) countries. the standards of the Authority are currently applied by leading Islamic financial institutions around the world, which have provided an advanced degree of harmonization of Islamic financial practices worldwide.

### **Second Chapter: Islamic Shari'a Provisions Related to The Management of Waqf Assets.**

#### **Introduction and Division:**

The jurists differed in defining the management of the Waqf assets. the difference is due to the essence of the thing. Hanafi believe that the Waqf has only one pillar, which is the formula, i.e. apart of thing that its existence cannot be imagined without it .

But the majority of the Maliki, Shafi'i, and Hanbali believe that the Waqf has four pillars that must be fulfilled in the presence of Waqf a legal existence results in intended effects, based on their interpretation that the pillar is what a thing cannot be accomplished without it, whether it is a part of or outside of it .

Accordingly, the Conflict between Hanafis and the public is just an idiomatic difference, i.e. in consideration only, not in essence. And It does not have any real effect, therefore everyone agrees that the contract does not exist unless there is a contractor and its formula is offer and acceptance. highlight will be shed on the definition of Waqf in Islam and the provisions of Islamic Shari'ato manage the Waqf assets through the following demands.

**First Section:**TheDefinition, Significance and Objectives of the Waqf in Islam.

**Second Section:** Islamic Sharia provisions for the management of Waqf assets.

#### **First Section: The Definition, Significanceand Objectives of the Waqf in Islam.**

One of the fiqh concepts that the Waqf “is retained property for giving charity and the benefit” as a definition of Imam Abu Hanifa . Malikidefines Waqf as to give the benefit of something for a period and quality necessary for its stay in the given property, even if as appreciation ‘the Shafi’is defines Waqf as a retained propertythat can be used withits remaining for permissible use” .

As for what is related to the economic concepts of the Waqf, it is the transformation of a part of the income and wealth into permanent Takaful resources, which its benefits, such as goods, services and returns,shall beassigned to meet the needs of multiple beneficiary entities and groups, this contributes to increase the productivity abilities necessary for the formation and growth of the charity Takaful sector, which is the basis of the social economy in Islamic economics .

It also defined as “the transfer of property from consumption, and investit in productive capital assets which produce benefits and revenues that are consumed individually or collectively .

Also it is a non-profit organization, aims for survival, continuity and growth, so that Waqf institutions invest their properties to achieve returns and revenues that help to provide services and public benefits to society and needy groups

From the above it is clear that Waqf is a tool that combines saving and investment at the same time, as saving is a property that could have been consumed but not allowed to be disposed of. As for investment, it aims to increase goods and services in society, these “Mwuquf” goods and services contribute to creating benefits and services other.

The significance of the temporary Waqf is that it is one of the charitable bodies, as supportive Waqf, as society is in urgent need of everyone who contributes and meet the needs of the needy and poor because the requirements of these groups have become many and varied, the presence of types of Waqf, whether temporary or supportive, leads to a diversity in financial investment assets based on the provision of services and benefits to them .

### **Second Section: Islamic Sharia Provisions for The Management of Waqf Assets.**

The provisions of Islamic Shari'ameans: “the rules that Allah Almighty enacted for His servants to be believers, working with it on what pleases them in this world and the hereafter. In terms, the jurists defined it as: “The set of Shari'a rulings and rules that Allah enacted for His servants, which were informed through the Messengers, contain what regulates the relationship of man with himself, then with Allah, then with his brother, and with the

group in which he lives.” Or it is: “The rules that Allah legislated or legislated their origins so that man can take himself in his relationship with Allah, his relationship with his Muslim brother, his relationship with brother human being, his relationship with the universe, and his relationship with life”, also considered “a set of rulings that Allah Almighty has enacted for all people on the tongue of” Our Prophet Mohamed, may God bless him and grant him peace” .

### **Conclusion**

The public sector has been interested in the issue of International Accounting Standards, which are applied to the preparation of financial statements that meet the needs of that public sector, and work to achieve international compatibility, as it was established through The International Federation of Accountants, and also the concept of a development Waqf became not limited to supporting the needy, but the development, but its role has evolved in supporting many vital sectors through building Waqf housing, as well as working in Waqf investments so that its proceeds return to supporting the operational activity of educational institutions and hospitals, and other activities, and providing many services that benefit the community as a whole, as its role is not limited to supporting patients or science students, but rather the Waqf has a role and a moral value in community.

### **Findings:**

1. International Public Sector Accounting Standards improve the credibility and transparency of the presentation of financial statements in this sector.
2. International Public Sector Accounting Standards do not acquire a mandatory or obligatory character, and therefore governments retain the application of what suits them or is compatible with their accounting system.
3. The legal and legislative environment for many countries is ready for the implementation of accounting standards in the public sector.
4. The Waqf is a project, to draw closer to Allah the Almighty as established in the Qur'an and Sunnah, and the acts of the Companions.
5. The Waqf is legislated for many religious, human and social rulings that are summarized in the life of world kinship, honoring loved ones, and in the Hereafter to collect reward.

### **Recommendations:**

1. The necessity of applying International Public Sector Accounting Standards, increasing interest in accounting education, and holding training courses and scientific conferences.
2. The need to benefit from the experiences of countries that have applied the International Public Sector Accounting Standards.
3. Seek to discover effectiveness for the relevance of Waqf, work to illustrate its role in the future, and improve community knowledge.
4. Focusing on marketing and promotion via various media platforms by presenting scholars, defining this wonderful ceremony, and exhibiting its civilizing purpose.
5. The necessity of building and designing a network consisting of Waqf management, merchants, scholars, and the local community to take care of the Waqf, as well as government support.

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