

Analysis of Internal Control in Preventing *Accounting Fraud* at Al Halim Fastabiqul Khairat Mosque

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ABSTRACT

This study analyzes the implementation of internal control in preventing accounting fraud at Masjid Al Halim Fastabiqul Khairat in Pekanbaru. Using a qualitative descriptive approach through field research, the findings reveal that internal control in the mosque includes five main components: control environment, risk assessment, control activities, information and communication, and monitoring. These elements are implemented based on Islamic ethical principles such as amanah (trustworthiness), transparency, justice, and muraqabah (spiritual accountability). Preventive and detective measures are applied to minimize the risk of fraud, including structured approval systems, periodic financial reports, and active community participation. This study concludes that a well-structured internal control system supported by Islamic economic values plays a crucial role in ensuring financial integrity and enhancing public trust in mosque governance. The results provide valuable insight for other religious institutions to strengthen accountability and foster community-based Islamic financial management.

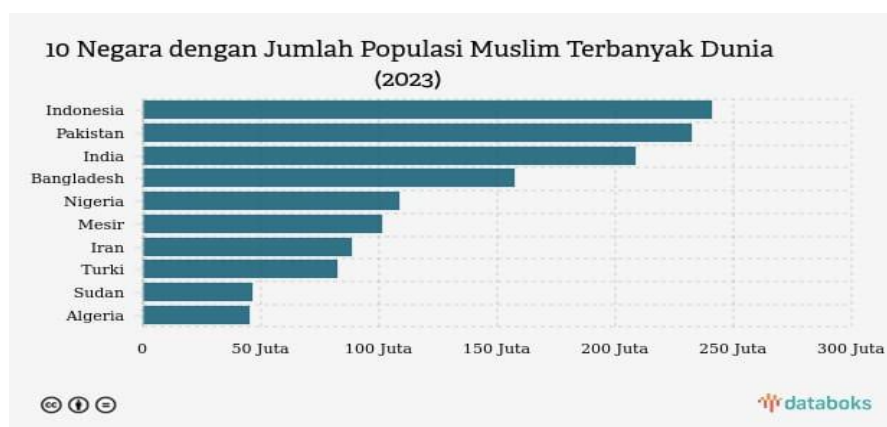
INTRODUCTION

Indonesia is the country with the largest Muslim population in the world. Based on the report *The Muslim 500: The World's 500 Most Influential Muslims 2024*, the number of Muslim populations in Indonesia reached 240.62 million people or equivalent to 86.7% of the total national population of 277.53 million people (RISSC, 2024). This high number shows that mosques have a vital role as a center of worship as well as an influential socio-economic institution in the lives of Muslims.



Figure 1

Diagram of the country with the highest number of adherents of Islam



As the number of mosques grows and public awareness of the role of mosques increases, the need for a trustworthy and professional financial management system is also increasingly urgent. The mosque is not only a place of worship, but also a center for da'wah, social activities, and economic empowerment of the people. This creates great opportunities as well as challenges related to fund management and transparent financial accountability (Abdullah & Usof, 2022). Unfortunately, not all mosques have adequate internal control systems. One of the real examples can be seen at the Al Halim Fastabiquil Khairat Mosque in Pekanbaru City. Based on initial findings, the financial recording of this mosque is still limited to recording income and expenses, without a standardized accounting system. As a result, the potential for fraud or misuse of funds is quite large, especially when there is no open report for pilgrims or no formal documentation of daily transactions.

This was agreed by the former treasurer of the mosque, Pak Ujang, who stated that previously financial statements had never been publicly announced. In fact, in mutual cooperation activities, infak from the community is often spent directly without being recorded in writing. This kind of practice shows weak accountability and opens up loopholes for financial irregularities. The case of embezzlement of mosque funds is not new. One of the major cases occurred at the Great Mosque of West Sumatra, where the State Civil Apparatus (ASN) was involved in corruption of mosque funds (Ministry of Religion, 2024). In fact, financial recording and accountability in Islam is highly emphasized, as stated in Q.S. Al-Baqarah verse 282 which emphasizes the importance of recording debts and receivables in a fair and transparent manner.

Previous research such as the one conducted by Hidayati et al. (2022) shows that effective internal controls greatly contribute to fraud prevention. Systems such as double authorization, complete documentation, and separation of duties have been proven to be able to reduce the potential for fraud in nonprofits. With this background, this study aims to explain how internal control at the Al Halim Fastabiquil Khairat Mosque is carried out in preventing accounting fraud and analyze this control from the perspective of sharia economics, especially related to the value of trust, transparency, justice, and muraqabah.

This research is important as a contribution to improving the practice of mosque governance professionally, as well as a preventive effort so that mosques remain institutions trusted by the people and become a driver of the community-based sharia economy.

LITERATURE REVIEW

1. Internal Control and Financial Accountability of the Mosque

Internal controls are systems designed to provide adequate confidence in the achievement of operational effectiveness, financial reporting reliability, and regulatory compliance. In the context of mosques, this system is important because the majority of mosque financial management is non-profit and based on the trust of worshippers.

Research conducted by Hidayati et al. (2022) showed that 19 out of 20 scientific articles reviewed stated that internal controls are effective in preventing fraud, especially through physical control mechanisms of assets, adequate documentation, clear authorization, and independent separation of duties (Hidayati et al., 2022). This is the basis for the need to implement appropriate control structures in religious organizations such as mosques.

2. Professional Mosque Financial Management

In a study conducted by Rahman and Ahmad (2021), it was explained that the management of modern mosques must integrate Islamic spiritual values with professional management principles, especially in financial and administrative aspects (Rahman & Ahmad, 2021). This includes a clear organizational structure, regular financial reporting, and a training system for managers.

Ibrahim et al. (2023) also support this view through their study on digital financial management in religious institutions. They highlight that the use of digital financial systems significantly increases public accountability and trust in the management of people's funds (Ibrahim et al., 2023).

3. Organizational Structure and Infrastructure of the Mosque

The organizational structure of the mosque is an important element in supporting the successful implementation of the internal control system. Abdullah and Usof (2022) explain that modern mosques not only adapt their facilities to the needs of worshippers, but also improve the internal structure of their management organization, which includes areas such as imarah, idarah, and ri'ayah (Abdullah & Usof, 2022). Strengthening infrastructure and professional asset management, including waqf and worship support facilities, has been proven to contribute to increasing congregational participation in mosque activities.

4. Fraud and Risk in Religious Institutions

Nurrohim's (2022) research on the Roudhatul Muchlisin Mosque confirms that fraud in religious institutions can occur due to weak internal recording and supervision, as well as a high level of public trust that is not accompanied by an adequate audit system (Nurrohim, 2022).

In line with that, Setiawan (2023) in the journal Sharia Economics stated that the urgency of transparent mosque financial management is a crucial point to prevent potential fraud (Setiawan, 2023). A strict reporting and evaluation system is an inseparable part of maintaining the credibility of religious institutions in the community.

5. Shariah Economic Perspective on Amanah and Muraqabah

Accounting in Islam is not just a technical matter, but is closely related to moral and spiritual values, such as trust, justice, and muraqabah. Julialevi (2022) said that from an Islamic perspective, recording transactions is part of accountability in this world and the hereafter (Julialevi, 2022). This is strengthened by the Qur'anic verse in Q.S Al-Baqarah verse 282 which requires recording in debts and receivables transactions, which can be

interpreted as an encouragement for transparency and documentation in the management of people's funds, including in mosques.

METHOD

The approach used in this study is a descriptive qualitative approach. Qualitative research focuses on the in-depth depiction of phenomena, as well as using analysis to understand the research subject's experiences, such as behavior, perception, motivation, and action, which are expressed in the form of descriptions of words that reflect actual conditions (Fiantika, et.al, 2022). This type of research is *field research*, where the informants in this study consist of two, namely key and additional informants. The key informant in this study is the head of the mosque named Mr. Slamet Riyanto. As an additional informant was an advisor, one of the pilgrims named Bahtiar Rasyid S, Ag. The data analysis technique used in this study is using qualitative descriptive techniques (Abdussamad, 2021).

RESULTS AND DISCUSSION

1. Internal Control of Al Halim Fastabiqu Khairat Mosque

Al Halim Fastabiqu Khairat Mosque implements internal control based on five main components, namely: control environment, risk assessment, control activities, information and communication, and monitoring. This control is motivated by the need to prevent irregularities in financial management, maintain the trust of pilgrims, and ensure the use of funds in a trustworthy and sharia manner (Interview: H. Bahtiar Rasyid, 2024).

a. Control Environment

The control environment in this mosque is built on the basis of Islamic values such as honesty, trust, and responsibility. The management is selected based on integrity and the ability to carry out their duties professionally. Transparency is the main principle that is realized through financial report boards and periodic announcements that can be accessed by pilgrims every week and at monthly wirid events (*Interview: Mrs. Evi & Pak Buyung, 2024*). This approach not only encourages accountability, but also strengthens social control based on congregational participation.

b. Risk Assessment

The management routinely identifies financial risks such as cash loss, recording errors, or misuse of funds. As a mitigation measure, cash is stored in Islamic bank accounts, and periodic checks are carried out on financial statements (*Interview: H. Bahtiar Rasyid, 2024*). This strategy reflects the awareness that risks can occur at any time, and periodic evaluations are an important tool to prevent losses.

c. Control Activities

Control activities are carried out through a spending approval system, recording standards, and restrictions on financial access. The management also implements tiered reporting procedures and training to the treasurer. Financial statements must be re-examined by the chairman before publication (*Observation Results, 2024*). In addition, most financial transactions are directed to bank transfer systems to reduce the risk of theft or loss of cash.

d. Information and Communication

The submission of financial information is carried out openly. Weekly reports are submitted every Friday, monthly reports are announced at wirid activities, and annual reports are presented at the annual meeting of

the congregation. The media used include financial report boards, verbal announcements, and pilgrims' WhatsApp groups (Interview: H. Bahtiar Rasyid, 2024). Two-way communication between the management and the congregation allows corrections or suggestions to occur to the mosque's financial programs.

e. Monitoring

Monitoring is carried out regularly, both weekly and monthly. The management verifies financial statements against transaction evidence, as well as evaluates program and budget achievements. The involvement of worshippers as external supervisors creates a collective control system that strengthens the financial integrity of the mosque (*Mosque Documentation, 2024*).

2. Accounting Fraud and Its Prevention Strategies

Although no significant cases of fraud have been found, the potential for fraud is still anticipated with two forms of control: preventive and detective. Prevention is carried out by compiling strict SOPs, storing funds safely, and implementing clear approval procedures. Detectives are carried out through periodic internal evaluations and audits (*Interview: H. Bahtiar Rasyid, 2024*). If there are irregularities, the management does not hesitate to take action ranging from reprimands, warning letters, to dismissal. This demonstrates a commitment to the principles of trust and accountability.

3. Sharia Economic Perspective in Financial Control

The practice of financial management in this mosque is also in line with Islamic economic principles. The four main principles implemented are:

- a) Trust: Funds are managed according to sharia purposes and the needs of the ummah responsibly.
- b) Transparency: Financial statements are open and accessible to all pilgrims.
- c) Justice: The use of funds is decided in a deliberative manner and proportionate to needs.
- d) Muraqabah: Always feeling supervised by Allah SWT in carrying out duties, becoming a spiritual foundation in maintaining integrity (*Julialevi, 2022; Q.S. Al-Baqarah: 282*).

The implementation of these principles reflects that mosques are not only an institution of worship, but also a social institution that prioritizes justice, blessings, and exemplary in the management of people's funds (*Setiawan, 2023; Rahman & Ahmad, 2021*).

CONCLUSION

This study concludes that the internal control system implemented at the Al Halim Fastabiqu Khairat Mosque includes five main components, namely: control environment, risk assessment, control activities, information and communication, and monitoring. Each component is carried out based on Islamic values such as trust, transparency, justice, and muraqabah.

Although no cases of accounting fraud have been found, the implementation of preventive and detective control is a strategic step in maintaining the financial integrity of the mosque. Financial reports that are announced periodically, the involvement of worshippers as social supervisors, and the use of sharia-based financial systems show that mosques have adopted Islamic economic principles in the management of people's funds. This finding is expected to be a reference for other mosques in building a financial system that is professional, trustworthy, and oriented towards empowering people based on trust and social responsibility.

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