

## Financial Accounting at Islamic Boarding Schools in Riau Province

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**Abstract:** This study aims to analyze how the application of financial accounting in Islamic boarding schools in Riau Province. The research method is descriptive qualitative that is comparing theory and practice carried out by Islamic boarding schools. Sources and research data obtained from primary and secondary data. The number of informants obtained amounted to 9 boarding school administrators. The object of the research is a boarding school in the province of Riau. The result of the research is that all Islamic boarding schools in terms of their accounting application have not followed or applied the accounting standards that have been set by the Generally Accepted Accounting Principles. The accounting applied is still very simple, that is, it still uses a general cash book and there is no journalizing. The financial statements made are only limited to general financial accountability. For this reason, it is necessary to socialize Accounting Standards for Islamic Boarding Schools, because according to the management they have never received accounting training in their Islamic boarding schools.

**KEYWORDS:** Boarding; SAK ETAP; Accounting; Riau.

### INTRODUCTION

As we know that the Indonesian Institute of Accountants (IAI) together with Bank Indonesia on November 11, 2017 has issued an Islamic Boarding School Accounting manual. This Islamic boarding school accounting guideline is effective in May 2018. Since now it has been running for approximately 2 years, namely 2020. This manual is expected to provide guidelines for Islamic boarding schools in Indonesia, which are known to have thousands of Islamic boarding schools. In practice, of course, there are many obstacles, given that not all pesantren administrators have graduates or accounting experts. So that the understanding of accounting becomes minimal. For this reason, it is hoped that the issuance of the pesantren accounting manual will be able to provide convenience for the management in processing each transaction.

Problems regarding the implementation of accountability regarding the management of funds in Islamic boarding schools in Indonesia continue to occur, especially in terms of how to produce professional financial reports. There are still many people who question the management of people's funds, especially in Islamic boarding schools. We understand that the majority of Islamic boarding schools or perhaps almost entirely under the foundation, both private and waqf. Accounting exists in order to realize accountability and transparency in the management of people's funds. The large number of Islamic boarding schools in Indonesia is a very strong consideration for stakeholders, especially the Indonesian Institute of Accountants, which is one of the representatives of professional institutions.

There is still very little research done in terms of the application of Islamic boarding school accounting in Islamic

boarding schools, especially the problem of how the financial reporting process goes. Some of the results of theses and dissertations have been done but have not been published in journal form. Rohma (2018) conducted research in his thesis entitled: "Design for the Implementation of Islamic Boarding School Accounting Guidelines at the Yanabi'ul 'UlumWarramah Islamic Boarding School (PPYUR) Kudus. In preparing its financial statements, this Islamic boarding school has not compiled well and is not in accordance with the Islamic boarding school accounting manual. This Islamic boarding school only makes cash income and expenditure reports.

Imanestia (2018) conducted research on type E Islamic boarding schools, which are the most complex types of PP classification including YPP Al-Fatah Temboro and PP Sidogiri Pasuruan. This research is a case study research with a collective instrumental case with a comparative analysis between the theory in the guidelines and the actual practice. Although Islamic boarding school accounting guidelines have been issued by IAI and BI, it turns out that in real conditions in the field, two accounting concepts are needed that are not contained in Islamic boarding school accounting guidelines, namely *khidmah* (devotion) accounting and biological asset accounting.

Research that is directly related to the accountability of financial statements at Islamic boarding schools, as far as researchers know, has not been done much. This is mainly related to the implementation of Islamic boarding school accounting guidelines which have been running for approximately two years. For this reason, it is necessary to conduct research, especially in Islamic boarding schools in Riau Province.

As it is known that the accounting guidelines of Islamic boarding schools refer to the Financial Accounting Standards for Entities without Public Accountability (SAK-ETAP). With these accounting guidelines, it is hoped that it will make it easier for Islamic boarding schools to prepare their financial statements, and can provide added value for the progress of Islamic boarding schools. The boarding school administrator is responsible for compiling financial reports. The financial statements made consist of four; (1) Statement of financial position; (2) Activity reports; (3) Statement of Cash Flows; and (4) Notes to financial statements.

According to data obtained in the 2018/2019 academic year from the ministry of religion in Riau Province, the number of registered Islamic boarding schools is 233 Islamic boarding schools spread across 11 cities and regencies in Riau Province. Effective May 2018 at Islamic boarding schools in Riau Province. Based on the reasons above, it is very necessary to do research related to the process of accountability for financial reporting as regulated in the accounting guidelines of Islamic boarding schools that refer to SAK-ETAP.

#### ISLAMIC-BASED GOVERNANCE

The application or implementation of institutional governance in conventional institutions including banking has been recognized for more than two decades. However, institutional governance has become an element of weakness in institutions in a number of developing countries (Prowse, 1998). This is because all institutions that should play an important role in monitoring and ensuring market efficiency and integrity are not functioning properly. The information gap is very prominent, market players are inexperienced, and the law, even if it exists, is powerless to regulate it effectively and independently because of mental corruption and a number of weaknesses in the judicial system (jurisdiction system). The concept of transparency is not well implemented, as well as accounting practices that are not developed optimally (Prowse, 1998).

Consequently, these institutions become inefficient, causing losses to all stakeholders. Losses caused by ineffective institutional governance can be even more serious if they occur in financial institutions because of the larger number of stakeholders and greater systemic risk (Chapra and Ahmed, 2008).

There are many factors that cause the failure or weakness of the Institution including; conflicts of interest, use of Institution assets for personal gain, and discovery of multi-million dollar invoice errors that can be classified as theft and robbery. The essence of all of these problems is the weakness of ethics and accountability in managing the institution. There is no reason to assume that even though Islamic financial institutions have been running well so far, these financial institutions must still be able to uncover and address the weaknesses of institutional governance in developing

countries. Islamic financial institutions must also be able to seriously improve their performance and comply with the interests of stakeholders by implementing effective institutional governance (Tan Sri, 2003).

Islam commands Muslims to apply Islam in totality (kaffah), not to accept some Islamic laws and reject some other Islamic laws. Partial acceptance and partial rejection is a form of resistance to God's law as a whole. Therefore, a Muslim must be a true Muslim, not a secular Muslim. To be a true Muslim, it is necessary to apply Islamic law as a whole.

Two aspects that shape the nature of institutional governance (*Islamic corporate governance*). First, Islamic law, sovereignty must reside in shari'a law over all aspects of life, both ethical, social and includes criminal and judicial issues. Ethical principles define what is right, fair, just, the nature of accountability, priority over society, along with a number of specific governance standards. Second, apart from providing a set of business ethics, Islamic economic and financial principles (zakat, usury, prohibition of speculation) have an impact on police and institutional governance practices (Slahuddin and Ahmad, 2008).

According to Shamsad Akhtar, there are two unique features of governance for Islamic financial institutions, namely: (1) a *faith-based approach* that mandates the conduct of business in accordance with sharia principles; and (2) *profit motive* which recognizes business transactions and consolidations and maximizing shareholder welfare (Akhtar, 2006).

Responsibility, such as accountability, states accountability not only to humans but also in carrying out their roles in life. This role is given as a *trust* from Allah. If one ignores this responsibility then this is a form of treason (*betrayal*) to God. The concept of work and work dedication is a form of *worship and virtuosity*. Besides, the *caliphate*<sup>III</sup> (*trusteeship*) emphasizes that the quality of good Islamic management also carries out its function as a Muslim (Akhtar, 2006).

According to sharia scholars, the purpose of institutional governance is to ensure “fairness” to *stakeholders* to achieve transparency and accountability (Chapra and Ahmed, 2008). Agreeing on the content of the definition, however, does not help us understand how institutional governance of Islamic business differs from non-Islamic business. The difference lies in whether the structure of business transactions is carried out in accordance with Islam or not. Islam looks first at the transactional structure to ascertain whether the transaction involves elements that forbid *gains* or *profits*. So Islam makes the basis that the transactions carried out by the business are in accordance with sharia law' (Adnan, 2006).

#### ISLAMIC BOARDING SCHOOL ACCOUNTING

Islamic boarding school accounting guidelines discuss reporting entities, presentation of financial reporting, asset accounting, liability accounting, net asset accounting, income and expense accounting, cash flow accounting, and notes to

financial statements. In terms of presentation of financial reporting, must follow the principle of consistency in presentation. In general, the accounting process or also known as the accounting cycle starts from the existence of transactions, recording or journalizing, posting to the general ledger, preparation of a trial balance, the adjustment process, then an adjusted trial balance is made, then financial statements are prepared. However, sometimes each institution or entity differs in terms of naming or summarizing the stages. The accounting process can be made in four stages, namely; the recording stage, the classification stage, the summary stage and the reporting or presentation stage.

### **Profile of Islamic Boarding School Accounting Guidelines (PAP) IAI and BI**

The Pesantren Accounting Guidelines (PAP) were created as a form of economic empowerment in Indonesia. This guideline is applied only to Islamic boarding schools that have legal entities as foundations, where there has been a separation of wealth between Islamic boarding schools and foundation owners (IAI, 2018).

The main reference for preparing the financial statements of Islamic boarding schools is the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) issued by the IAI Financial Accounting Standards Board .

The Accounting Guidelines for Islamic Boarding Schools (PAP) are prepared using the following references namely SAK ETAP issued by the Financial Accounting Standards Board of IAI; and Islamic PSAK and ISAK issued by the Islamic Accounting Standards Board of IAI. If the Financial Accounting Standards provide a choice of accounting treatment, the preparation of the financial statements of Islamic boarding schools follows the provisions selected in this Islamic Boarding School Accounting Guidelines. In the event of a conflict between the provisions in this Islamic Boarding School's Accounting Guidelines and the applicable Financial Accounting Standards, the Islamic Boarding School's financial statements must comply with the provisions of the Financial Accounting Standards.

### **Presentation of Financial Statements**

#### **1. Purpose of Financial Statements**

The objectives of the financial statements prepared and presented by the Islamic boarding school foundation are:

- a. Provide information about financial position, performance, cash flow and other information that is useful for users of financial statements in order to make economic decisions; and
- b. The form of accountability for the management of the boarding school foundation for the use of the resources entrusted to them.

#### **2. Accounting Policy**

The accounting policies of Islamic boarding schools foundations must reflect the precautionary principle and cover all material matters and comply with the provisions of SAK ETAP.

In the event that SAK ETAP has not specifically regulated the issue of recognition, measurement, presentation or disclosure of a transaction or event, the board of the Islamic boarding school foundation must establish a policy to ensure that financial statements present information that:

- a. Relevant to the needs of users of financial statements for decision making;
- b. Reliable, with the understanding:
  - Presenting honestly the financial position, financial performance, and cash flow of the Islamic boarding school foundation ;
  - Describe the economic substance of an event or transaction and not merely its legal form ;
  - Neutral, which is free from partiality;
  - Reflects prudence; and
  - Includes all material things .

In determining the accounting policy, it must consider:

- a. Requirements and guidelines in SAK ETAP relating to similar matters ;
- b. Definitions, recognition criteria and measurement concepts of assets, liabilities, income, and expenses in the Pervasive Concepts and Principles of SAK ETAP;
- c. Requirements and guidelines in SAK relating to similar and related issues.
- d. Consistency of Presentation and Components of Financial Statements

The financial statements fairly present the financial position, financial performance, and cash flows of the Islamic boarding school foundation, along with the required disclosures in accordance with applicable regulations.

This research will be carried out with literature studies and field studies with quantitative and qualitative data. In contrast to existing research, it is only focused on quantitative or qualitative data. The research begins with processing quantitative data to obtain policies in the financial sector. After that, research using qualitative data by distributing questionnaires using the G Form to the management of Islamic boarding schools in Riau Province. The use of the G Form is carried out considering that we are currently still in a state of the Covid-19 pandemic. Then data and information are needed to obtain non-financial analysis so that non-financial policies can be made on the HR aspect.

**RESEARCH METHODS**

This research was conducted at Islamic Boarding School in Riau Province. To support this research, the types of data that can be collected in this study are divided into two, namely as follows:

1. Primary data is data obtained directly from data sources or respondents, namely through a questionnaire using the G-Form.
2. Secondary data is data obtained from agencies or institutions related to this research, namely: record books or financial reports that have been made by the

administrators of Islamic boarding schools in Riau Province.

The population of this study is all Islamic boarding schools registered at the ministry of religion in Riau Province for the 2018/2019 academic year. Considering that we are currently still in a state of the Covid-19 pandemic, to determine the sample using a conventional approach, namely based on data obtained from returning answers from the G-Form. Based on the data obtained from the G-Form, the research sample consisted of nine Islamic boarding schools spread across several cities and regencies, namely:

NO	Types of Islamic Boarding Schools	POSITION	ADDRESS/PLACE
1	MTs	Operator	Jl. East Cross Km.20 Pelalawan
2	Modern	Leader	Jln rajimun RT 02 RW 04 Pasiran, Bantan sub-district, Bengkalis district
3	Modern	Mudir	Jalan Garuda Sakti KM 6 Pekanbaru
4	Khalaf	Secretary	Jl. Lintas Samudra, Km 9, Petalongan, Inhil, Riau
5	The combination of Salaf and Khalaf	Foundation Secretary	Jl Harapan Jaya RT 4 RW 5 Ex Damai Valley, Rumbai Pesisir District, Pekanbaru.
6	Modern (kholaf)	Leader	Riau Technology Boarding School, Pekanbaru
7	Salafiyah Islamic Boarding School	Mudir/Leader	Pasir Pengaraian, Rokan Hulu
8	PKPPS	Head of Madrasa Ulya	RT/RW 025/003 TELUK KIAMBANG Kec. Tempuling Kab. INHIL
9	Private	Head master	Jln. Parit Jawa, Japura Village. district. lyrics

Source: Data from G-Form, 2021

Data collection techniques used by the author are as follows:

1. Structured interview, which is a method of collecting data by interviewing which has prepared research instruments in the form of written questions whose answers have been determined.
2. The survey was conducted by distributing questionnaires through the G Form, which is a data collection technique by distributing questionnaires that have been designed based on the theory and operationalization of research variables through the G Form.
3. Documentation is in the form of collecting data related to the implementation process of financial management accountability for Islamic boarding schools in Riau Province.

To examine the problems raised in the research at Islamic Boarding Schools in Riau Province, primary data analysis (respondents' answers from the questionnaire given) was carried out with descriptive analytical methods based on financial governance theory, especially Islamic-based accounting and Islamic boarding school accounting guidelines or guidelines. In this study, conclusions will be obtained that are able to answer research problems and questions.

**RESEARCH RESULT**

This study will see how the application of financial accounting in Islamic boarding schools in Riau Province. The descriptions of the types or types of Islamic boarding schools obtained based on the data are:

**Table 4.1.** Description of Islamic Boarding School

No	Types of Islamic Boarding School	Manager/Position	Address/Place
1	MTs	Operator	Jl. East Cross Km.20
2	Modern	Leader	Jln rajimun RT 02 RW 04 Pasiran, Bantan sub-district, Bengkalis district
3	Modern	Mudir	Jalan Garuda Sakti KM 6
4	Khalaf	Secretary	Jl. Lintas Samudra, Km 9, Petalongan, Inhil, Riau

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5	The combination of Salaf and Khalaf	Foundation Secretary	Jl Harapan Jaya RT 4 RW 5 Ex Lembah Damai, Rumbai Pesisir District
6	Modern (kholaf)	Leader	Riau Technology Boarding School
7	Salafiyah Islamic Boarding School	Mudir/Leader	Pasir Pengaraian, Rokan Hulu
8	PKPPS	Head of Madrasa Ulya	RT/RW 025/003 TELUK KIAMBANG Kec.Tempuling Kab. INHIL
9	Private	Head master	Jln. Parit Jawa, Japura Village. district. lyrics

Based on the data above, the types of pesantren obtained are in the form of salafiyah and khalafiyah (modern) pesantren. Salafiyah Islamic boarding school means traditional boarding school while Khalafiyah boarding school

is modern. The number of staff or employees and assets owned by the Islamic boarding school can be seen in Table 4.2:

**Table 4.2. Number of Employee Staff and Islamic Boarding School Assets**

No	Boarding school	Number of Staff	Total assets
1	MTs	Less than 20 people	Less than 100 million
2	Modern	More than 20 people	Less than 100 million
3	Modern	More than 20 people	Less than 100 million
4	Khalaf	More than 20 people	Less than 100 million
5	The combination of Salaf and Khalaf	Less than 20 people	More than 100 million
6	Modern (kholaf)	More than 20 people	More than 100 million
7	Salafiyah Islamic Boarding School	Less than 20 people	More than 100 million
8	PKPPS	Less than 20 people	More than 100 million
9	Private	Less than 20 people	Less than 100 million

Source: Data from G Form, 2021.

Based on the data above, the number of employees from several pesantren is less than 20 people, and there are more than 20 people. Included in the problem of assets owned by 4 pesantren are more than 100 million rupiah, while 5 pesantren

are less than 100 million. This shows that the assets owned are not sufficient to carry out operations adequately.

The total income and expenditure of Islamic boarding schools can be seen in table 4.3 as follows:

**Table 4.3. Total Income and Expenditure of Islamic Boarding Schools**

No	Boarding school	Income	Expenditure
1	MTs	Less than 100 million	More than 100 million
2	Modern	More than 100 million	More than 100 million
3	Modern	More than 100 million	More than 100 million
4	Khalaf	Less than 100 million	Less than 100 million
5	The combination of Salaf and Khalaf	Less than 100 million	More than 100 million
6	Modern (kholaf)	More than 100 million	More than 100 million
7	Salafiyah Islamic Boarding School	More than 100 million	More than 100 million
8	PKPPS	Less than 100 million	Less than 100 million
9	Private	Less than 100 million	Less than 100 million

Source: Data from G Form, 2021.

Based on the data above, it can be seen that the amount of income and expenditure varies between Islamic boarding schools. Even some Islamic boarding schools whose expenses are more than their income. There are also Islamic boarding schools that are balanced between their income and expenses. Most pesantren rely more on income from payment of donations from santri.

Regarding socialization regarding the implementation or application of accounting based on PSAK or applicable

guidelines, all Islamic boarding schools have never received socialization or workshops on PSAK or the applicable Islamic Boarding School Accounting Guidelines. This can be seen from the results of the G form which was filled out by the administrators of the Islamic boarding school. In addition, based on the results of the questionnaire, none of the administrators has an accounting background. All administrators stated that they had never attended any non-formal education related to the preparation of the financial



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statements of Islamic boarding schools. This is a general picture that accounting practices in Islamic boarding schools in Riau Province are not adequate.

Interestingly, almost all of the administrators have a bachelor's background and only one administrator has a high school background. So that it has the potential or ability to manage and make financial reporting in a professional and

accountable manner. Even though they did not receive informal training on pesantren accounting, they still kept records. It is evident from 9 Islamic boarding schools, 8 Islamic boarding schools do bookkeeping or recording, only 1 does not. The following table 4.4 details an explanation of the financial recording and reporting made by the board of the Islamic boarding school.

**Table 4.4.** Financial Recording and Reporting

No	Boarding school	Purpose financial statements	Components of financial statements	Financial Reporting Period
1	MTs	Internal Needs	Cash in and out records/cash receipts and disbursements	Not a routine
2	Modern	Internal Needs	Cash in and out records/records of cash receipts and disbursements, Statements of Financial Position, Activity Reports, cash flow reports, notes to financial statements	Routine
3	Modern	Internal Needs	Cash in and out records/records of cash receipts and disbursements, Balance Sheet (Financial Position)/Cash Flow Statements/Profit/Loss Statements/Capital Changes/Notes on Financial Statements, Statements of Financial Position, Activity Reports, Cash Flow Reports, Notes on Reports finance	Routine
4	Khalaf	Internal Needs	Balance Sheet (Financial Position)/Statement of Cash Flows/Statement of Profit/Loss/Statement of Changes in Capital/Notes to Financial Statements	Routine
5	The combination of Salaf and Khalaf	Submission of assistance to the government	Statement of Financial Position, Activity Report, cash flow statement, notes to financial statements	Not a routine
6	Modern (kholaf)	Internal Needs, Submission of assistance to the government, to the Bank or reporting to the Bank	Cash in and out records/cash receipts and disbursements	Routine
7	Salafiyah Islamic Boarding School	Internal Needs	Cash in and out records/records of cash receipts and disbursements, Balance Sheet (Financial Position)/Cash Flow Statement/Profit/Loss Statement/Statement of Changes in Capital/Notes to Financial Statements	Routine

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8	PKPPS	Internal Needs, Submission of assistance to the government, to the Bank or reporting to the Bank	Cash in and out records/records of cash receipts and disbursements, Statements of Financial Position, Activity Reports, cash flow reports, notes to financial statements	Routine
9	Private	Internal Needs	Cash in and out records/cash receipts and disbursements	Routine

Source: G Form Data, 2021

Based on the data in table 4.4. It can be said that even though the board of the Islamic boarding school did not receive training or accounting workshops for the Islamic boarding school, they knew the purpose of making financial reports, components of financial statements and the period of financial reporting. It is understandable that because they

have responsibility for the management of financial statements, they may learn self-taught or from colleagues who know common accounting.

Furthermore, regarding the accounting process carried out by Islamic boarding schools, which is known from the data obtained can be explained in table 4.5.

**Table 4.5.** Islamic Boarding School Accounting Process

No	Boarding school	Final Result of Accounting Process	Easy to Understand Principle	Solution
1	MTs	Activity Reports (reports of income and expenses)	Details	Do not know
2	Modern	Activity Reports (reports of income and expenses)	Details	Need proper financial accounting guidance
3	Modern	Notes to Financial Statements	Details	About postage
4	Khalaf	Sales report	Details	Do not know
5	The combination of Salaf and Khalaf	Sales report	Details	Because we are still at the stage of pioneering Islamic boarding schools, so we only record cash out and in... we can't in detail and because there are limited human resources...
6	Modern (kholaf)		Using Indonesian	There is no
7	Salafiyah Islamic Boarding School	Sales report	concise	The treasurer of our pesantren does not understand matters related to accounting, he can only carry out routine real time recording of all transactions. So I have to be the leader who is doing journaling, posting ledgers, and everything to produce financial reports. The financial reports that we have produced so far are only a balance sheet, and an income statement, not yet complete based on PSAK 45 standards. We hope, dear gentlemen, to initiate accounting training for pesantren treasurers in order to produce financial

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				records and reports in accordance with those stipulated by the Indonesian Institute of Accountants. That is all and thank you  Our greetings, Leaders of the Manhajussalikin Islamic Boarding School Watering Sand
8	PKPPS	Activity Reports (reports of income and expenses)	Details	Lack of socialization about financial accounting
9	Private	Activity Reports (reports of income and expenses)	Details	Do not know

Source: Data from G Form, 2021

### DISCUSSION

Judging from the accounting process carried out, it can be stated that the accounting process carried out so far by Islamic boarding schools is still simple. This can be seen from the data and including from the information obtained that the recording made is only in the form of a daily cash book that records incoming and outgoing money. This can be seen from some of the evidence obtained from secondary data (Appendix). Based on the Daily Cash Book then a recap is made and then a financial report is made.

Thus, the financial statements that are made are still simple, or what can be said still use a *single entry* bookkeeping (*single entry booking*). Most or almost all of the financial reports of Islamic boarding schools in Riau Province produced have not followed the usual accounting process or *double entry bookkeeping*.

The accounting process that should be carried out or applied by Islamic boarding schools is that transactions that occur are collected and then journalized either manually or computerized. Then posted to the ledger of the account or account, then a trial balance is made which is the entire balance of the account or account. Then proceed with account adjustments called adjusting entries. After that, a trial balance is made after adjustment. Based on the trial balance after the adjustment, financial statements are prepared. The financial statements made are statements of financial position, activity reports, cash flow statements and notes to financial statements.

In accordance with the data obtained from the answers of the boarding school administrators, the boarding school administrators admitted that they had never received knowledge of the Accounting Guidelines for Islamic Boarding Schools or Accounting Standards for Islamic Boarding Schools. So naturally they make financial statements are still simple. In addition, the administrators do not have an accounting background. For this reason, they really hope that there will be training or workshops on

preparing financial reports based on accounting guidelines that are commonly held.

There is a need for educational or professional institutions such as the Indonesian Institute of Accountants, especially in the field of sharia accounting compartments to conduct accounting training for Islamic boarding schools, or boarding school administrators can take the initiative to make requests to accounting professional institutions to provide training. This requires cooperation between the Indonesian Institute of Accountants in the Riau region and related parties such as the local government in this case the ministry of religion in the Riau region, because Islamic boarding schools are under their authority to hold some kind of training or workshop.

### CONCLUSION

The accounting process applied is still simple, because there are no transaction journals, postings to the general ledger, adjusting journals and financial statements that show adequate financial information. The financial reports that are made are still simple, such as income and expenditure reports, sales reports, do not yet present adequate information, especially in reporting activities, financial position, and cash flow statements as well as notes to financial statements. The boarding school administrators already have knowledge, only in terms of the practice of preparing financial statements that are not in accordance with conventional accounting or in accordance with the accounting guidelines of Islamic boarding schools. None of the administrators received socialization, let alone a generally accepted accounting workshop for Islamic boarding schools that had been issued by the Indonesian Institute of Accountants.

To provide solutions in overcoming bookkeeping or financial reporting problems for Islamic boarding schools in Riau Province, the suggestions that can be given are (1). It is recommended that professional accounting institutions such as the Indonesian Institute of Accountants in the Riau region provide socialization as well as training workshops on



preparing financial reports at Islamic boarding schools in Riau Province; (2) The development of information technology today, should provide convenience in financial reporting, so it is better for the administrators of Islamic boarding schools, especially those who are given the task of preparing financial reports to improve their information technology literacy; (3) Apart from accounting professional institutions, Islamic boarding schools should collaborate with universities, especially in accounting study programs to assist in guiding not only financial and accounting issues but also Islamic da'wah, such as Islamic University which has college chess dharma, namely Riau Islamic University.

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