

ACCOUNTING PRINCIPLES OF ZAKAT AND WAKF AND GOOD CORPORATE GOVERNANCE OF ZISWA INSTITUTIONS

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Abstract - Zakat, Infaq, Sadaqah, and Waqf are instruments that cannot be separated in worship accompanied by social relations. The distribution of Zakat and Waqf involves amil, while infaq and sadaqah allow it to be directly distributed by those who donate without going through amil. The position of Amil who receives the mandate of ZISWA distribution is required to carry out bookkeeping/accounting as a form of transparency and accountability in managing ZISWA funds in order to increase public trust in the institution. Amil zakat and Nadzir have roles as managers and are responsible for implementing the principles of transparency and accountability. This is the focus of our discussion in this paper, namely how the Amil Zakat Agency applies the principles of transparency and accountability and the principles of Good Corporate Governance (GCG) for the management of ZISWA.

Keywords: accounting, waqf, zakat.

1. Introduction

Islam is based on the six pillars of faith and the five pillars. The pillars of faith consist of faith in Allah, in His Angels, in His Books, in His Messenger, in the Last Day, and Qadha and Qadar.

Meanwhile, the pillars of Islam consist of two sentences of creed, five daily prayers, fasting in Ramadan, zakat and hajj. Four of them are worship that is directly related to Allah swt, namely syahadatain, five daily prayers, fasting in Ramadan, and hajj. While zakat has its own characteristics, namely in addition to the value of obedience to Allah swt and His Messenger, it is also accompanied by social values.

Zakat, Infaq, Sadaqah, and Waqf are instruments that cannot be separated in worship accompanied by social relations. The distribution of Zakat and Waqf involves amil, while infaq and sadaqah allow it to be directly distributed by those who donate without going through amil. The position of Amil who receives the mandate of ZISWA distribution is required to carry out bookkeeping/accounting as a form of transparency and accountability in managing ZISWA funds in order to increase public trust in the institution.

Regarding the order to do bookkeeping/accounting, Allah swt says in QS Al-Baqarah [2]: 282:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَىٰ أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ وَلْيَكْتُبَ بَيْنَكُمْ كَاتِبٌ بِالْعَدْلِ
وَلَا يَأْبَ كَاتِبٌ أَنْ يَكْتُبَ كَمَا عَلَّمَهُ اللَّهُ فَلْيَكْتُبْ وَلْيُمْلِلِ الَّذِي عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ
وَلَا يَبْخَسْ مِنْهُ شَيْئًا

The translation:

O you who believe, if you do mu'amalah[179] not in cash for a specified time, then you should write it down. and let a writer among you write it rightly. and let the writer not be reluctant to write it down as Allah taught him, let him write, and let the debtor obey (what is to be written), and let him fear Allah his Lord, and let him not reduce anything from his debt.

Amil zakat and Nadzir have roles as managers and are responsible for implementing the principles of transparency and accountability. This is the focus of our discussion in this paper, namely how the Amil Zakat Agency applies the principles of transparency and accountability and the principles of Good Corporate Governance (GCG) for the management of ZISWA.

2. Method

The writing method used in this paper is descriptive qualitative by conducting a literature review using thematic methods. The literature used is various articles and online pages and PSAK issued by the Indonesian Institute of Accountants.

3. Results and Discussion

A. Overview of ZISWA

Zakat, Infaq, Sadaqah, and Waqf are forms of wealth distribution instruments in Islam. These instruments are related to the socio-economic community. The management of ZISWA funds is very necessary because it is related to the public interest so that peace in the midst of society is always maintained. This will certainly have a positive impact in increasing worship to Allah swt.

1. Zakat, Infaq, and Sadaqah

The term zakat-infaq-shadaqah has different meanings, but the parent of these three terms is the concept of infaq (spend). The meaning of infaq is to issue or spend wealth. In the context of sharia, infaq is done for good, either for yourself, to provide a living, or donate. This infaq has a more general meaning, while shadaqah is more specific with the intention and purpose of getting closer to Allah swt.

The word zakat has several meanings, including the meaning of purity, praise, increase, growth, improvement, and blessing.³ Zakat is defined as issuing a certain portion of property that has reached the nishab to mustahik, if it is perfect in ownership and haul apart from mining and rice fields. Based on this definition, we can find that zakat is part of a person's property which is the right of mustahik if the nishab and haul have met the provisions.

There are two types of zakat, namely zakat fitrah and zakat assets. Zakat fitrah is the obligation of every Muslim who is able to pay it in the holy month of Ramadan. Meanwhile, zakat on assets is paid according to the haul of each type of property and the amount depends on the type of property owned.

2. Amil Zakat

Amil zakat is a party mandated to manage zakat funds from collecting to distributing them. In this context, amil is defined as a person who seeks to collect zakat from the muzakki, determines to whom it will be distributed, and distributes it to the mustahik group, his share according to what he is trying to do whether they are rich or poor.

The obligations of Amil Zakat according to Abu Yusuf are: to be honest, to imitate the Prophet and the caliph, not to combine zakat objects that should be separated, to be careful in calculations, not to carry zakat assets outside their territory, not to collect zakat until it reaches the haul, not to mix taxes and zakat, obligatory pray for muzakki, be careful in dropping ta'zir, and are not allowed to accept gifts

Amil Zakat in Indonesia is known as the Zakat Management Organization (OPZ). There are two types of OPZ, namely the Amil Zakat Institution by a non-governmental organization engaged in socio-religious activities and the Amil Zakat Agency (BAZ) which is formed by a government organization in this case known as BAZNAS.

3. Waqf

The definition of waqf according to Muhammad Khatib syarbini in mughni muhtaj is to withhold property that can be taken advantage of while the goods remain intact, and the goods are separated from the control of the waqif and are used in something that is permitted by religion. Waqf is a charity whose law is sunnah. The hadith of the Prophet SAW regarding waqf is:

Meaning: *Give alms with the principal property (date garden), but don't sell it, don't give it away, and don't inherit it.* (Narrated by Bukhari).

The general form of waqf is the surrender of assets to be managed properly and always provide benefits that continue to be reaped. Waqf funds have no restrictions or limitations on their use, meaning they can be used for anything as long as they are within the corridor of sharia, including road construction, for small traders, hospital financing, scholarships, or creating jobs for the poor.

Waqf has several special characteristics and distinguishes it from other types of alms, including:

a. Continuous benefits.

Waqf assets are assets that have benefits that can be continuously felt by those who have been given the right to get them. Waqf assets are maintained so that they can continue to produce, only the benefits will be distributed so that the benefits can continue to be enjoyed.

b. Continuous reward.

The reward of waqf will always continue to flow because the benefits continue to be enjoyed, whenever there is a benefit, the reward always continues to flow. This condition is commonly known as alms Jariyah.

c. Waqf assets require a manager

The waqf property manager is called a nadzir, whose existence is needed to ensure that the waqf property can continue to provide the greatest benefit to the

community and the waqf provider.

4. Waqf Manager

Nadzir has a heavy responsibility, because there is a great mandate from the giver of waqf property to be able to continuously send rewards to him, both while still alive or after death. Waqf managers in the context of legal entities have the responsibility to implement institutional governance like other legal entities. This governance is a form of public accountability, especially for interested parties.

B. Principles of Accounting

Accounting is the measurement, translation, or providing certainty of information that will help managers, investors, tax authorities and other decision makers to make resource allocation decisions within companies, organizations, and government agencies. Accounting is the art of measuring, communicating and interpreting financial activities. Accounting aims to prepare an accurate financial report so that it can be used by managers, policy makers, and other interested parties, such as shareholders, creditors, or owners. The daily recording involved in this process is known as bookkeeping.

The objective of financial reporting is related to accountability, the purpose of which is to provide a report on the performance of the stewardship function by management as well as its success (or vice versa) in achieving the objective of generating satisfactory economic performance by the company and maintaining it in a strong and healthy financial position. In the context of its users, the objective of financial reporting is to provide information that is useful to all potential users of that information in a form and in a time frame that is relevant to their various needs.

Guidelines for the management of the accounting process are regulated in the accounting principles. This principle is useful as a reference in the preparation of financial statements as a form of transparency and accountability for the operations of an institution or company. The basic principles of Conventional Accounting are regulated by the Indonesian Institute of Accountants (IAI). IAI is an agency that regulates accounting regulations and policies in Indonesia. The principles are divided into nine parts, namely:

1. Cost Principle

According to this principle, historical cost or historical cost is an adequate valuation basis for recognizing the acquisition of all goods and services, cost expenses, cost of goods, and equity.¹⁰ The historical cost principle has meaning if the recording of financial transactions for goods has been obtained by a company, then the financial records are based on the various costs incurred to obtain the goods. If there is a bargaining process, the price recorded is the price agreed by both parties.

2. Revenue Recognition Principle

This principle specifies the nature of the components of revenue, the measurement of revenue, and the timing of revenue recognition. Revenue arises because of a

financial increase obtained from a business activity such as sales. Revenue is recognized when there is certainty about the increase in the volume of revenue derived from sales transactions

3. Matching Principle

This principle states that expenses should be recognized in the same period as revenue. This means that revenue is recognized in a certain period together with the related expenses. This condition is very clear when revenues and expenses describe a causal relationship.¹² This principle is also sometimes referred to as the principle of bringing together costs and revenues that have been received by the company.

4. The Principle of Objectivity

This principle concerns the level of reliability of the measurement procedures used. Objectivity refers to an external reality that is independent of the person receiving it. Objectivity also means that measurement is based on evidence. Another opinion regarding objectivity is the result of consensus among observers or measurers. Finally, objectivity is measured by spreading over the distribution of measurements. This last interpretation indicates the best objectivity by looking at the smallest variance value.

5. Consistency Principle

Consistency as a principle indicates that similar economic events should be consistently recorded and reported over time (period to period). This principle implies that for the same item similar accounting procedures are applied over time.

6. Full Disclosure Principle

A consensus in accounting that there is full, fair and sufficient disclosure of accounting data. This principle requires that financial statements are designed and produced to accurately describe economic events that have affected the company/institution for a period and contain sufficient information to make reports that are useful and not misleading for stakeholders.

7. Principles of Conservatism

The principle of conservatism states that when choosing between two or more acceptable accounting techniques, the preference is to choose the one with the least impact on shareholder equity. In particular, this principle suggests that it is preferable to report the lowest values for assets and income, and the highest values for debt and expenses.

8. Principle of Materiality

Materiality states that transactions and events that do not have a significant economic impact can be handled in the most appropriate way, whether they are in accordance with generally accepted principles or not, and do not need to be disclosed.¹⁷ This principle provides guidance on what should be disclosed in the financial statements, and enables accountants to decide what is not important or what is not a problem in recording cost, the accuracy of financial statements, and their relevance as a user.

9. Principles of Uniformity and Comparability

This principle requires that different companies must use the same procedure for any similar items. This is to achieve comparability of financial statements by reducing the diversity created by the use of different accounting procedures by different companies

The principles in Islam that are attached to zakat accounting activities are:

1. The principle of piety
2. The Principle of Truth
3. Responsibility Principle
4. The principle of zakat assessment is based on market prices.
5. Principles of Zakat Period (nisab and haul)
6. Zakat is worship, not a fee
7. Precautionary Principle
8. Accountant services are required
9. A large amount of Zakat is better than a less amount of zakat.

The principles in Islam that are attached to waqf accounting activities are

1. The principle of piety
2. The Principle of Truth
3. Principle of Accountability
4. Precautionary Principle
5. Market Value Principle
6. Waqf management is free from the practice of usury and interest
7. The principle of profit and risk sharing
8. Halal business principles

C. Zakat Accounting

IAI has issued Statement of Financial Accounting Standards (PSAK) No.109 related to the Accounting of Zakat and Infaq/Alms Institutions which were formed as Zakat Collecting Organizations (OPZ) and specifically to collect and distribute zakat, infaq, and alms.

Zakat accounting will eventually produce financial statements. The financial reports that are ideally generated are balance sheets, reports of changes in funds, reports of changes in assets under management, cash flow statements, and notes to financial statements. Amil entities are required to report the value of assets, liabilities, remaining funds in the balance sheet.

Meanwhile, the report on changes in ZIS funds includes the receipt of funds and the distribution of funds as well as the beginning balance and the remaining balance at the end of the year.

The third report is related to assets under management. Assets under management are assets used by Amil in carrying out his function as Amil Zakat which includes current assets, non-current assets, accumulated depreciation, additions and

subtractions, beginning balances, and ending balances. While cash flow contains information related to a summary of cash sources and a summary of cash disbursements, beginning balances, and ending balances. The last section is the notes to the financial statements.

D. Waqaf Accounting

Regarding Waqf, IAI has issued Statement of Financial Accounting Standards (PSAK) No. 112 related to the Accounting of Waqf Organizations that are legal entities. The financial reports that must be produced by Nadzir are balance reports, detailed reports on waqf assets, activity reports, cash flow reports, and notes to financial statements.

The balance sheet informs the position of assets, liabilities, and net assets. Meanwhile, the asset detail report contains data on the value of the waqf asset when it was delivered, the result of asset management, and the amount at the end of the period. The activity report contains information related to waqf receipts, revaluation of waqf assets, management and development of waqf assets, operating expenses, increase/decrease in net assets, initial net assets, and final net assets.

The cash flow statement contains information related to a summary of cash sources and a summary of cash disbursements, opening balances, and ending balances. The last section is the notes to the financial statements.

E. Good Corporate Governance of the ZISWA Institution

The word of Allah swt in Q.S. at-Taubah [9] paragraph 103 indicates that there are institutions that are ordered to collect taxes. This institution became known as the Amil Zakat Institution (LAZ). This institution has the task of collecting and distributing zakat to mustahik. Amil Zakat has a public responsibility and must comply with the principles of good zakat management, consisting of the principles of openness, accountability, responsibility, independence, fairness and justice, and sharia compliance.

Sharia compliance in the context of zakat management according to the Zakat Law Number 23 of 2011 is meant to be in accordance with Islamic law and pay attention to the principles of trust, benefit, integration, legal certainty, and accountability. These principles are in accordance with the principles contained in good corporate governance.

The principles of organizational governance are contained in the Decree of the Minister of State-Owned Enterprises Number: Kep-117/M-Mbu/2002 concerning the Implementation of Good Corporate Governance Practices in State-Owned Enterprises.²¹ In detail, these principles are:

- a. Transparency, namely openness in carrying out the decision-making process and openness in presenting material and relevant information about the company.
- b. Accountability, namely clarity of functions, implementation and accountability of organs so that the management of the company is carried out effectively.
- c. Accountability, namely conformity in the management of the company to the

- applicable laws and regulations and sound corporate principles.
- d. Independence, which is a condition in which the company is managed professionally without conflict of interest and influence/pressure from any party that is not in accordance with applicable laws and regulations and sound corporate principles.
 - e. Fairness, namely justice and equality in fulfilling the rights of stakeholders that arise based on agreements and applicable laws and regulations.

4. Conclusion

Based on the previous explanation, it can be concluded that are: 1) Zakat, infaq, shadaqah, and waqf have different characteristics; 2) Accounting Principles consist of nine principles; 3) Zakat accounting must be carried out by Amil Zakat which is a legal entity for accountability purposes; 4) Waqf accounting is also mandatory by Nadzir who is a legal entity; 5) The GCG practice of the ZISWA institution refers to sharia principles and BUMN GCG.

A more in-depth and broad study of the accounting principles and GCG management of ZISWA requires management institutions to maintain books related to their public accountability and must comply with accounting principles and sharia guidelines.

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