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ACCOUNTABILITY, TRANSPARENCY OF FINANCIAL
REPORTING AND ACCEPTANCE OF ZAKAT

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Abstract

The purpose of this study was to analyze the effect of Accountability and Transparency of Financial Reporting on the Acceptance of Zakat Funds at the Amil Zakat Institution (LAZ) in Medan City. Zakat is very potential as an effective means to empower the economy of the people. Indonesia has a huge potential of zakat, data obtained from Baznas that the potential of zakat in 2017 reaches 203 trillion rupiah but that is collected only 6.2 trillion rupiah and is classified as minimal from its potential. This potential, if explored optimally from all Islamic societies and managed properly with trustworthy management and high professionalism, will create a large amount of funds that can be used to overcome the people's economy. In North Sumatra, especially in the city of Medan, zakat receipts do not appear to be one aspect that can be a solution in overcoming the economy of the ummah, because it is not optimal the level of zakat funding and utilization of zakat funds by mustahiq is limited to consumption. Zakat institutions are still managed informally, good governance, credibility, transparency, accountability, and professionalism are not given much attention. This will cause public distrust, because it requires the application of professional management governance practices that are in accordance with sharia standards. The results of this study indicate that accountability and transparency greatly influence the level of receipt of zakat funds.

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Keywords: Level of acceptance Zakat, accountability, financial report transparency.



1. Introduction

Zakat is an important sector in Islamic philanthropy. As the third pillar of Islam, zakat must be paid by every Muslim who fulfills the requirements (muzakki) to purify his wealth by distributing his zakat to mustahik (zakat recipients). Zakat not only serves to help the economy of mustahik, but also can be a balancing instrument in the national economic sector. In the long run, the main purpose of zakat is to transform mustahik and muzakki. This shows that zakat is very potential to overcome economic inequality and poverty of a country.

Indonesia is one of the countries with the majority Muslim population, which is 216,666 million people or with a Muslim percentage of 85 percent of the total population, this fact implies that zakat has great potential and can contribute to reducing poverty. Data on zakat, infaq, and alms (ZIS) in Indonesia show that there is an increase in the amount of zakat collection from 2002 to 2015. It cannot be denied that zakat is very potential as an effective means to empower the economy of the people. That potential, if explored optimally from the entire Islamic community and managed properly with high trust management and professionalism, will create a large amount of funds that can be used to overcome the people's economy. However, in Indonesia, in North Sumatra in particular, zakat has not yet appeared as one of the aspects that can be the solution, because it is not optimal in the level of zakat funding by the Zakat Institution and utilization of zakat funds by mustahiq which is only used for consumption.

Management of zakat in Indonesia is regulated through Law No. 23 of 2011 concerning the management of zakat. The law which was passed on November 25, 2011 replaced the previous Law Number 38 of 1999 concerning the management of zakat. For the implementation of Law Number 23 of 2011 a government regulation (PP) Number 14 of 2014 has been issued concerning the implementation of Law Number 23 concerning the management of zakat. Furthermore, there is also a Presidential Instruction, namely Presidential Instruction No. 3 of 2014 concerning optimization of zakat collection in ministries / institutions, secretariat general of state commissions, regional governments, state-owned enterprises, and regionally owned enterprises through BASNAZ. Furthermore, there has been Basnaz Regulation Number 1 of 2014 concerning guidelines for submitting considerations for the appointment / dismissal of Basnaz Provincial and Basnaz district / city leaders.

The zakat laws and regulations in Indonesia are very sufficient and have legal strength, if supported by Presidential Instruction No. 3 of 2014 concerning optimizing the collection of zakat fund receipts, where through this Presidential Instruction the cooperation between Basznas is open and all government institutions do zakat deductions. However, the existence of the Inpres since April 2014, until now two years old, the acquisition of zakat funds is still far from the potential that exists. Due to the weak quality of accounting information provided widely and honestly and openly. The results of the 2014 Baznas Research of IPB showed that the potential of national zakat reached 3.4 percent of the total gross domestic product (GDP). With this percentage, the potential of zakat in Indonesia every year is not less than Rp. 217 trillion. Islamic countries in the world always experience growth in collecting the level of zakat fund receipts, but the achievement is still less than 1%.

The potential in Indonesia is very large, the potential of zakat in 2015 was 217 trillion rupiah. Fakhruddin (2008) also mentioned that in the latest research, the potential of national zakat reached Rp 217 trillion consisting of Rp 82.7 trillion in potential household zakat, Rp 2.4 trillion in potential BUMN

zakat, and Rp 17 trillion in potential savings zakat. However, the realization of the collection or receipt of zakat is still low, namely in 2017 only amounting to 111 billion rupiahs, while accountability is a form of accountability for the activities set forth in financial reporting by the party given the responsibility to the trustee. Accountability is an important aspect in the management of zakat stated in Law No. 23 of 2011 as one of the principles of zakat management, and can be analogous as a mandate, as the word of Allah SWT "Surely Allah tells you to deliver the mandate to those who have the right to receive it" (Qs: An-Nisa : 58) (Al-Qur'an, 2004).

Transparency is a principle that guarantees freedom for everyone to obtain information about the organization. Transparency is one aspect of a good governance system. Transparency can be analogous to tabligh, as the word of Allah SWT "O Messenger, announce that which has been revealed to you from your Lord, and if you do not, then you have not conveyed His message. And Allah will protect you from the people. Indeed, Allah does not guide the disbelieving people" (Qs: Al-Maidah, 5:67) (Al-Qur'an, 2004).

Septiarini (2011) identifying three issues facing the Islamic world collecting zakat. First, Zakat institutions are not well coordinated and synchronized. Second, there is still zakat collection through informal institutions. Third, another conflict of regulations with zakat. management of zakat funds can be achieved if there is strong intervention from the government through policies to require collection of zakat funds nationally.

Law No. 23 of 2011 concerning the management of zakat is a stronger legal umbrella in the management of zakat in Indonesia, in an effort to support the fact that Indonesia is the largest Muslim population in the world, amounting to 80% of the approximately 220 million Indonesian population of 180 million Muslim residents who have the obligation of zakat both zakat fitrah and zakat maal, while the current phenomenon is the potential for zakat acceptance which is not in accordance with the realization of zakat funds received by the Amil Zakat Agency. Please refer to Table 01 for potential and realization of Zakat fund recipients from 2015-2017.

Table 01. Potential and realization of Zakat fund recipients from 2015-2017

No.	Years	Potential of Zakat (Trillions)	Realization of Zakat Fund Recipients In Trillions of Rupiah
1	2015	300	1,9
2	2016	219	1,6
3	2017	217	1,8

If it is observed that the level of zakat funds received during 2015, only IDR 1.9 trillion was obtained, this number increased compared to 2017 which amounted to IDR. 1.8 trillion. However, the level of receipt of zakat funds is still far from the potential that exists. The Secretary of Baznas estimates the potential of the overall zakat fund to reach more than 2 trillion. From the calculation of the amount of funds collected is still 0.95% of this potential.

The low level of receipt of zakat funds in the corridors of the zakat law and regulations which are fairly adequate in Indonesia raises questions that require research. One of the low potentials of zakat funding is the low quality of accounting information and the low collection of zakat due to several

factors, namely the government has not implemented an accreditation system so that it cannot report its overall performance and the level of transparency is still weak. Like the case that occurred in Enrekang BAZNAS, Makassar where it was accused of being not transparent in the management of zakat, the accusation was clarified by the Head of Planning, Finance and Reporting at BAZNAS Enrekang, saying that all this time was always open and professional at work (<http://makassar.tribunnew.com>).

In Indonesia, Zakat is regulated in a well-detailed law. However, even though it has been properly regulated, it does not guarantee a good level of acceptance is achieved, if the management does not have the mandate. In managing zakat, of course it has a close relationship with accountability and transparency. Then the author is motivated to research the title “The Effect of Financial Reporting Accountability and Transparency on the Acceptance Rate of Zakat Funds at the Amil Zakat Institution (LAZ) in Medan City”.

1.1. Accepted of Zakat Funds

In terms of the terminology of zakat means to give some of the assets which are an obligation that has been ordered by Allah, based on the number and certain calculations then given to the person entitled to receive. Zakat is one of the pillars of Islam that must be fulfilled for every Muslim and has enough wealth until every Muslim parent who issues zakat means cleansing his heart and soul. Receipt of zakat funds is receipt of funds in the form of money or goods received by amil zakat. Receipt of zakat funds paid by muzakki (zakat payers) there are two ways. The first, starting from someone who pays a zakat cash deposit or by paying directly to LAZ. Secondly, paying zakat by transfer like a muzakki does not need to come directly to LAZ.

In this study, the indicator size of the Zakat Fund Acceptance Level was adopted from the Nikmatuniayah and Marliyati's (2017) study, namely: Receipt from sources of zakat funds, acceptance of program funds (donations, some infaq and shodaqah).

1.2. Transparency

Transparency is one of the principles in the realization of good governance. Transparency is built on the basis of the freedom to obtain information needed by the community, meaning that information relating to the public interest can be directly obtained by those who need it. Transparency implies that annual reports are not only made but also open and accessible to the public.

The concept of transparency in an Islamic perspective is that:

- (a) The zakat management organization must be transparent / open to muzakki. Facts / zakat management activities including information must be easily accessible by interested parties to the information.
- (b) Information that is owned must be honestly disclosed, complete and everything that exists in the activity must be informed.
- (c) Provision of information must also be carried out properly and fairly to all parties who need information.

Organizations must also be able to communicate to other parties in detail. In the concept it can be concluded that in an Islamic perspective, transparency is very closely related to honesty. In conveying information, the giver of information must also be kind and honest so that nothing escapes the knowledge of the recipient of the information.

Transparency, accountability, are separate attributes. From the description above, it can be concluded that the accountability and financial transparency of public entities is an effort to account for public entities relating to the financial management of these entities to the public openly and honestly through the media in the form of financial statements that can be accessed by various interested parties. the assumption that the public knows the information.

Based on PSAK 109: 2016 that the complete financial report component of the amil zakat institution consists of: Financial Position Report, Fund Change Report, Change in Asset Management Report, Cash Flow Report, and Notes to Financial Statements.

In this study, a measure of transparency indicators is Openness, Honesty, Easy to Access, Easy to understand, Ease of access to information.

2. Problem Statement

- 2.1. The potential of zakat in Medan City has not been managed optimally.
- 2.2. There are still many Amil Zakat Institutions (LAZ) that have not fully implemented and compiled financial statements based on Accounting Standards ZIS No. 109 issued by the Standard Board of Sharia Accountancy and the Indonesian Accountants Association.
- 2.3. There are still many human resources, especially in financial management that are not from an accounting background, especially sharia accounting.
- 2.4. LAZ still does not provide accountability to muzzaki.
- 2.5. LAZ has not been held accountable for financial reports so that accountability for the management of zakat has not been implemented.
- 2.6. The absence of strict sanctions on the Amil Zakat Institution, especially regarding the accountability of zakat management.
- 2.7. Lack of public trust in LAZ so that people prefer to channel directly to Mustahiq.

3. Research Questions

- 3.1. What is accountability affect the level of receipt of zakat funds at the Amil Zakat Institution in Medan?
- 3.2. What is financial reporting transparency affect the level of receipt of zakat funds at the Medan City Amil Zakat Institution?
What is accountability and transparency affect the level of receipt of zakat funds at the Amil Zakat Institution in Medan City?

4. Purpose of the Study

The purpose of this study is to examine and analyze the effect of accountability and transparency on the level of receipt of zakat funds.

5. Research Methods

5.1. Population and samples

The population in this study is a private amil zakat institution evaluated by the National Zakat Amil Agency (BAZNAS) of North Sumatra Province in 2019, as summarized in Table 02.

Table 02. There are recommendation LAZ

No.	Years	Potential of Zakat (Trillions)
1	Lembaga Iniziatif zakat indonesia (IZI) SUMUT	064/SB/A.1/2016, 04 Februari 2016
2	Rumah Zakat (RZ)	611/SB/A.1/2016, 16 Agustus 2016
3	Dompot Dhufa Waspada	612/SB/A.1/2016, 16 Agustus 2016
4	Baitul Maal Hidayatullah	645/SK/A.1/2016, 05 September 2016
5	Dewan Dakwah	731/SB/A.1/2017, 06 Juni 2017
6	Rumah Yatim	1543/SB/A.1/2017, 08 Desember 2018
7	Nurul Hayat	263/SB/A.1/2017, 08 Maret 2017
8	Persis	983/SB/A.1/2018, 10 Agustus 2018

This study uses saturated sampling technique is a technique if all members of the population are used as samples. The sample in this study amounted to 40 respondents consisting of each of the 5 administrators of the amil zakat institution.

5.2. Data analysis method

Data analysis method in this study uses multiple regression analysis.

$$Y = \alpha + \beta_1AC + \beta_2TR + \varepsilon$$

Where: Y is the Zakat Acceptance Rate, X1 is the Financial Report Accountability, and X2 is the Transparency of Financial Statements. Before carrying out regression data analysis and the Determination Coefficient, this study was tested by classical assumption test which included normality test, Multicollinearity Test, Heteroscedasticity Test.

5.3. Classic assumption test

5.3.1. Normality test

In this study the normality test used the nonparametric statistical test Kolmogorov Smirnov. Based on the results of Normality, the Asymp Sig is 0.375. These results are greater than the alpha value of 0.05 so that it can be said that the data is normally distributed.

5.3.2. Heteroscedasticity Test

Heteroscedasticity testing to see whether in a regression model there is an inequality of variance from the residual from an observation to another observation. In this study, we see dots that spread randomly, do not form a clear pattern, and are spread both above and below zero on the Y axis. This means that there is no heteroscedasticity in the regression model, so that the regression model is feasible to use.

5.3.3. Multicollinearity Test

To find out in a regression model is the correlation between an independent variable with another independent variable. A good regression model is when there is no correlation between the independent variables marked by the value of the Variance Inflation Factor (VIF) variable not more than 10 and the Tolerance value is more than 0.1, the regression model does not occur multicollinearity between the independent variables. This study for independent variables namely Accountability, and Transparency has a Tolerance value greater than 0.10 and VIF that is smaller than 10, so it can be concluded that this regression model does not occur multicollinearity.

5.4. Multiple linear regression

Multiple linear regression analysis is used to determine the effect of the Quality of Accounting Information, Accountability and Transparency on the level of zakat funding at the amil zakat institution in the city of Medan, as depicted in Table 03.

Table 03. Coefficients

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	5,677	3,153		1,800	,082
AC	,409	,137	,813	2,980	,006
TR	,048	,164	,083	2,293	,772

Notes: Dependent variable: LA

Source: Data processed, 2019

Based on the above table, the results of multiple linear regression calculations can be obtained as follows:

$$Y = 0.409 X_1 + 0.048 X_2 + e$$

Based on the regression equation that has been prepared can be interpreted as follows:

1. The constant value of the above equation is 5.677. This means that if the independent variable is assumed to be zero (0), then the dependent variable (Beta) is 5.677.
2. The Accountability coefficient value is 0.409. Shows that if the Accountability variable is increased by 100%, then the value of the level of zakat fund receipt (Y) increases by 0.409%.
3. The Transparency coefficient value is 0.048. Shows that if the Transparency variable is increased by 100%, then the value of the level of zakat fund acceptance (Y) increases by 0.048%.

5.5. Multiple linear regression

5.5.1. Partial Test (t)

This test is conducted to test whether the independent variable (X), namely Accountability and Transparency individually has a positive and significant influence or not on the independent variable (Y), namely the Acceptance Rate of the Zakat Fund. Criteria for acceptance / rejection are: When $t\text{-count} > t\text{-table}$, then H_0 is rejected means that it has an effect, conversely if $t\text{-count} < t\text{-table}$, then H_0 is accepted there is no effect.

Based on the table, proof of the hypothesis can be explained as follows:

- a) Accountability affects the level of receipt of zakat funds.

The test results of the Accountability variable hypothesis (X2) have a coefficient of 0.409 with a significance level of 0.006. Using the limit of significance or p-value <0.05 ($\alpha = 5\%$) this means $2,980 > 2,040$ which means that H_0 is rejected. Thus, it can be said that the Accountability variable influences the level of zakat fund receipts in the city of Medan.

- b) Transparency affects the level of receipt of zakat funds.

Hypothesis Test Results Transparency variable (X3) has a coefficient of 0.048 with a significance level of 0.772. Using a significance limit or p-value <0.05 ($\alpha = 5\%$) this means $2,293 < 2,040$ which means H_0 is accepted. Thus, it can be said that the Transparency variable does not affect the level of zakat funding in the city of Medan.

5.5.2. Simultaneous Test (F)

The F test results show that the independent variables together influence the dependent variable, if p-value (in the sig column) is smaller than the specified significant level (by 5%), or F count (in column F) greater than F table. The F test results can be seen in the table 04 below:

Table 04. ANOVA^a

Model	Sum of squares	DF	Mean square	F	Sig.
Regression	46,531	2	15,510	4,820	,007 ^b
Residual	96,528	30	3.218		
Total	143.059	33			

Notes: a. Dependent variable: LA

b. Predictors: (Constant), TR, AC

Source: Data processed, 2019

From the table above, it is known that the value of p-value (in the Sig. Column) $0.03 < 0.05$ means significant. This means that the value of F count 4.820 is greater than the value of F table 2.90 means significant. That is, Accountability and Transparency simultaneously have a significant and significant influence on the level of receipt of zakat funds, because the value of F count $>$ F table is $4.820 > 2.90$. This means that H_0 is rejected. Then it can be concluded that the quality of accounting information for Accountability and Transparency significantly influences the Acceptance of Zakat Funds (see Table 05).

5.6. Multiple linear regression

Table 05. Model Summary

Model	R	R-square	Adjusted R-square	Std. Error of the Estimate
1	,570 ^a	,325	,258	1,794

Notes: a. Predictors: (Constant), TR, AC

Dependent variable: LA

6. Findings

6.1. Effect of Accountability on the Acceptance of Zakat Funds

Based on the results of the t test shows that the Accountability variable has a positive effect on the level of acceptance of zakat funds and has a significance probability value below 0.005 which is 0.006 and the value of Table (t) is 2.040 and the value of Table (count) 2.980 means accountability and significant acceptance of zakat funds at the amil zakat institution in Medan City. The results of this study support the proposed hypothesis. The factor of accountability is seen from the responsibility of the stakeholders, namely the community and other interested parties. Accountability is not only in the form of reports that have been printed, but can be seen from social media such as the web, which always displays the results of donations, so when accountability is good, the level of receipt of zakat funds will increase. Based on the results of the research questionnaire that the operational characteristics of the accountability variable explain there are several indicators including, Timeliness of Timely, Financial Control, Ease of access to information and Broad information disseminator of each variable has values and categories.

These results have a high value with a frequency of 30 and a result of a percentage of 90% and are not found in the statement of the questionnaire of accountability researchers with the results of the low value category. Adjusted R Square (R) value, 258 and this coefficient are used to give meaning that accountability jointly contributes to the level of zakat fund acceptance of 25.8% while the remaining 74.8% is influenced by other variables not examined. The higher the accountability of an amil zakat institution, the higher the level of recipient of zakat funds. Therefore, an amil zakat institution must increase accountability.

6.2. Effect of Accountability on the Acceptance of Zakat Funds

Based on the results of hypothesis testing the transparency variable has a value of t (count) of 2,293 and t (table) with a significance level of 0.772. Use the significance limit or p-value <0.005 (a = 5%). This means 0.001 <0.05 which means H_0 is rejected. Thus, it can be done that the transparency variable does not affect the level of zakat funding at the amil zakat institution in Medan. Based on the results of the research questionnaire that the operational characteristics of the transparency variable explain there are several indicators including, Openness, accessibility, Easy to understand Ease of access to information. Each variable has a moderate value and category with a frequency of 20 and a result of a percentage of 60% and is not found in the transparency questionnaire statement of researchers with the results of the high value category.

The results of this study support the proposed hypothesis. Factors of transparency can be seen from the openness of an amil zakat institution in Medan. So, when the community asks about the level of receipt of zakat funds or related to the programs implemented, the amil zakat institution provides an explanation to every community. In this way, it can increase public trust. So that the higher the transparency of an amil zakat institution, the higher the level of acceptance of zakat funds. Basically accountability is closely related to public trust, so it is expected to increase the level of acceptance of zakat funds.

Adjusted R Square (R) value, 258 and this coefficient are used to give meaning that accountability jointly contributes to the level of zakat fund acceptance of 25.8% while the remaining 74.8% is

influenced by other variables not examined. The results of this study are relevant to research by Nurhayati, Fadilah, Iss, and Oktaroza (2018), that transparency has a positive effect on the level of receipt of zakat funds. Basically, accountability is closely related to public trust, so it is expected to increase the level of acceptance of zakat funds.

7. Conclusion

Based on data analysis and discussion of research on the effect of accountability and transparency of financial reporting on the level of zakat fund receipts on amil zakat institutions in Medan City has an effect on and significant Accountability and Transparency of financial statements on the level of zakat funding at amil zakat institutions in Medan City amounting to 25.8%. Based on these values it can be concluded that it is not sufficient due to the low personal capability of accounting information systems, as well as other resources and not professional management of zakat funds and the low level of management support, as well as the government.

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