

## ZAKAT AS LOCALLY-GENERATED REVENUE: ITS ACCOUNTING TREATMENT AT BAITUL MAL ACEH

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**ABSTRACT** – In Aceh, Indonesia, zakat is included as a locally-generated revenue (Pendapatan Asli Daerah – PAD) and it is managed by a government body called Baitul Mal. As a government institution, Baitul Mal is obligated to present financial statements according to Government Accounting Standards (Standar Akuntansi Pemerintah - SAP). This article reports the findings of the accounting treatment for zakat financial statements in Baitul Mal Aceh. Baitul Mal Aceh as the government zakat institution is annually required to disclose two different financial statements, both financial statements based on Government Accounting Standards (SAP) and based on a statement of financial accounting standards 109 (PSAK 109). Therefore, the purpose of this study is to investigate the compliance of Baitul Mal Aceh with SAP dan PSAK 109 in zakat financial reporting. This research is a descriptive study from the data obtained through field study. The results showed that Baitul Mal Aceh has implemented both SAP and PSAK 109 in presenting the financial statements regardless of some items that might not be in accordance with the standards. In financial statements based on SAP, a variance was found in the presentation of information related to the procurement of assets and the details of the depreciation. As for the financial statements based on PSAK 109, it has been presented from 2012 to 2017. From the available data, there are some differences in the disclosure compared to PSAK 109. Amil funds and non-halal funds were not disclosed in the balance sheet as well as there was no statement of changes in assets under management. Moreover, these financial statements were not presented in the last two years due to limited supporting facilities/devices and human resources.

**Keywords:** Accounting for Zakat, Locally-Generated Revenue, Baitul Mal Aceh; PAD, PSAK 109

**ABSTRAK** – Zakat sebagai Pendapatan Asli Daerah: Perlakuan Akuntansinya pada Baitul Mal Aceh. Di Aceh, Indonesia, zakat dimasukkan sebagai salah satu Pendapatan Asli Daerah (PAD) yang dikelola oleh sebuah institusi pemerintah yang disebut Baitul Mal. Sebagai badan pemerintah, Baitul Mal diwajibkan untuk membuat laporan keuangannya sesuai dengan Standar Akuntansi Pemerintah (SAP). Artikel ini menyajikan temuan dari perlakuan akuntansi pada laporan keuangan zakat di Baitul Mal Aceh. Baitul Mal Aceh sebagai lembaga amil zakat pemerintah diwajibkan menyajikan dua laporan keuangan yang berbeda setiap tahunnya, yaitu laporan keuangan menurut Standar Akuntansi Pemerintahan (SAP) dan menurut Pernyataan Standar Akuntansi Keuangan Nomor 109 (PSAK 109). Untuk itu, tujuan dari penelitian ini adalah untuk menginvestigasi kepatuhan Baitul Mal Aceh dengan SAP dan PSAK 109 dalam penyajian laporan keuangan zakat. Penelitian ini adalah studi deskriptif berdasarkan data yang diperoleh dari studi lapangan. Hasil penelitian menunjukkan bahwa Baitul Mal Aceh telah menerapkan sistem pelaporan sesuai dengan kedua standar yang dimaksud meskipun masih terdapat beberapa item yang tidak sesuai. Pada pelaporan keuangan menurut SAP, masih ditemukan ketidaksesuaian dalam penyajian informasi terkait pengadaan aset dan rincian penyusutannya. Adapun untuk laporan keuangan dengan PSAK 109, Baitul Mal Aceh sudah pernah menyajikannya dari tahun 2012-2017. Dari data yang tersedia, terdapat beberapa ketidaksesuaian penyajian laporan keuangan dengan PSAK 109. Dana amil dan dana non-halal tidak disajikan dalam laporan posisi keuangan serta tidak ada laporan perubahan aset kelolaan. Bahkan dalam dua tahun terakhir, tidak ada penyajian laporan keuangan ini dikarenakan keterbatasan sarana/perangkat pendukung dan sumber daya manusia yang tersedia.

**Kata Kunci:** Akuntansi Zakat, Pendapatan Asli Daerah, Baitul Mal Aceh

## INTRODUCTION

The implementation of Sharia Law in Aceh has affected the management of Zakat that is used as a financial component in the Aceh regional budget (*Anggaran Pendapatan dan Belanja Aceh - APBA*) and is recognized as a locally generated income (*Pendapatan Asli Daerah - PAD*). The Act No.11/2006 on Aceh Government (*Undang-undang Pemerintahan Aceh – UUPA*) in Article 180 Paragraph (1) Letter d states that Zakat is one of the regional income sources for Aceh District/City. In addition, Article 191 Paragraph (1) mentions that zakat, waqf, and religious funds are managed by Baitul Mal Aceh and Baitul Mal District/City.

Baitul Mal, according to Aceh's provincial bylaws (*Qanun Aceh*) No. 10/2018, is a non-structural regional institution that executes its duties independently according to sharia law and is given the authority to manage and develop zakat, waqf, religious funds for the benefits of the people at the level of Province, District/City and Sub-District. However, the UUPA on Article 180 Paragraph 1 that is explained in Qanun Aceh No. 10/2018 Article 90 requires Baitul Mal to account/report the managed zakat fund to the Governor by first including it into PAD. Afterward, the fund can be distributed in accordance with the programs planned by Baitul Mal. The consequences of Zakat as PAD not only it must be deposited in the regional treasury, but the distribution of zakat must also follow the rules of regional financial management that are the Law No. 17/2003 on State Finances, the Home Affairs Ministry Regulation (*Peraturan Menteri Dalam Negeri - Permendagri*) No. 13/2006 on Guidelines for Regional Financial Management, and several other regulations relating to PAD (Musa, 2015).

This issue is certainly different from other regions in Indonesia. Theoretically, the implementation of every new policy adopted by the government will surely have both positive and negative effects. This also happens to a policy regarding the recognition of Zakat as one of the PADs. When zakat becomes PAD, the logical consequence is that it can be used to finance regional expenditure like other PADs. This is different from the Sharia provisions that have regulated the management of zakat conducted by Amil, in this case, is Baitul Mal Aceh, and specifically intended for each *Asnaf* according to the provisions in Islamic law.

Therefore, the presence of Baitul Mal Aceh has greatly and differently improved the traditional zakat management systems towards new systems that



are more modern and professional. However, Ibrahim (2016:155) stated that these efforts face many challenges and obstacles, including the lack of trust by the public as well as its management that must be gradually and continuously improved.

In order to create a reliable zakat governance system, transparency, and accountability in the management of zakat is a major concern for Baitul Mal Aceh. As a government institution, Baitul Mal Aceh is obligated to present financial statements according to Government Accounting Standards (SAP) to facilitate transparency and accountability in government financial management because zakat has become part of PADs. Additionally, Baitul Mal Aceh as one of the zakat management organization is also required to disclose financial statements in accordance with financial accounting standards 109 (PSAK 109) in order to meet the professional standard as well as to create accountability, understandability, relevancy, reliability, and comparability (Tim Penyusun PA-OPZ, 2005).

This study aims to investigate the compliance of Baitul Mal Aceh with SAP and PSAK 109 in disclosed zakat financial statements. The explanation about both standards will be discussed as a basis to analyze whether the financial statements reported fulfilling the standards.

## LITERATURE REVIEW

The study of accounting for zakat and analysis of the implementation of accounting standards on zakat financial reporting has been conducted and measured by numerous researchers. Most of the literature examining the implementation of accounting standards were focused on PSAK 109 while there are no studies on the implementation of SAP as most of zakat institutions are non-government institution. Therefore, the literatures about the implementation of SAP on government institution in general were used as reference, such as conducted by Lee et al (2005), Marsella & Aswar (2019), and Dewi et al (2019). The studies were conducted by investigating financial disclosure, information quality and financial accounting in local government.

Meanwhile, previous studies about the implementation of PSAK 109 was also conducted by Kristin and Umah (2011), Megawati and Trisnawati (2014), Rahman (2015), Shahnas (2015), Amelia and Qibtiyah (2015), Ritonga (2017), and Alkahfi et al (2020). Kristin and Umah (2011) investigated the implementation of accounting for zakat in LAZ Dompok Peduli Umat Darut



Tauhid Semarang. The study focused on accounting transactions recording models that record all revenues and the utilization of funds received.

Megawati and Trisawati (2014) investigated the application of PSAK 109 in BAZ Pekanbaru. The results showed that the BAZ Pekanbaru has applied PSAK 109 on its financial reports. Furthermore, the embodiment of transparency and accountability has a positive impact on the increase of zakat collection and public trust.

Shahnas (2015) studied the implementation of PSAK 109 in BAZNAS North Sulawesi and found that the financial statements reported were not in accordance with PSAK 109. The report presented was the only Statement of Cash Flows. The study suggested that BAZNAS North Sulawesi prepare financial statements according to accounting standards. Additionally, Amelia and Qibtiyah (2015) also analyzed whether the accounting treatment of zakat in BAMUIS BNI is based on PSAK 45 and PSAK 109.

Ritonga (2017) discussed PSAK 109 as one of the tools used by Zakat Management Organization (OPZ) to create good zakat governance system. Last but not least, Alkahfi et al (2020) examined the effects of accounting for zakat on public accountability. The study was conducted on 18 of BAZNAS and LAZ in South Sumatera. The results showed accounting for zakat influences the accountability of BAZNAS and LAZ in South Sumatra Province by 73.9%.

Although the former researches have provided proof about the analysis of accounting for zakat and improved our understanding of such issues, they retain several limitations. The studies did not cover the accounting treatment of zakat as PAD specifically as well as the implementation of both SAP and PSAK 109 in Baitul Mal Aceh. Therefore, this research intends to broaden and complement literature of accounting for zakat, especially for zakat as PAD.

## **RESEARCH METHOD**

This study is both field and library research that is descriptive analysis. The research was conducted in the Baitul Mal Aceh office, Komplek Keistimewaan Aceh Banda Aceh, from February to June 2020. The data was collected from in-depth interviews as the primary data. Primary data is the data collected by a researcher specifically for the study and directly from first-hand sources (Silalahi, 2006:266). Interviews were conducted for about three months started from January until March 2019. It began with the Head of the Treasury Division



in Aceh Financial Agency (DKA) who understand the accounting treatment of zakat as PAD and with the Treasurer in the Financial Department of Sekretariat Baitul Mal Aceh regarded the process of SAP implementation in the preparation of financial statements. The information about the implementation of PSAK 109 in preparing financial statements was gathered from the officer of Sub Division of Accounting and Reporting Badan Baitul Mal Aceh.

Futhermore, the secondary data was also used in this study sourced from literatures studies, such as books, articles, internet, and other sources. According to Blaxter et al. (2001:229), secondary data is public information that has been collected by other people or for other research and it can act as a strong foundation for any research project. Annual financial reports of Baitul Mal Aceh and other related documents were collected to analyze the implementation of SAP and PSAK 109 on the presentation of financial statements.

Data analysis is then processed for obtaining, managing, and analyzing data systematically to improve the understanding of the issue in this study. The results of data analysis are then presented in a communicative narrative text so that it can be easily understood and the conclusion can also be drawn.

## **RESULTS AND DISCUSSIONS**

This section starts with the explanation about SAP and PSAK 109 as standards used in financial reporting in Baitul Mal Aceh. Afterwards, the accounting treatments for zakat based on both standards is also discussed. At the end, the compliance of Baitul Mal Aceh with SAP and PSAK 109 is evaluated based on financial statements disclosed.

### **Standards of Financial Statements in Baitul Mal Aceh**

Zakat as PAD marks Baitul Mal Aceh as a regional institution whose operational activities are supported by regional budgets (APBD/APBA). Meanwhile, Qanun Aceh No. 10/2007 that was later substituted by Qanun Aceh No. 10/2018 on Baitul Mal in Article 90 also requires Baitul Mal to present the accountability reports to the government including both financial statements and activity reports. The reports will be audited by a public accountant at the request of the Sharia Supervisory Board (DPS).



Therefore, Baitul Mal Aceh is obligatory to present two different financial statements as a form of accountability in the completion of annual performance. Both of the reports that must be presented are financial statements based on SAP and financial statements based on PSAK 109. The reports aim to provide information for the interested party as a form of accountability for the zakat/infaq management mandated to Baitul Mal Aceh.

#### *Financial Statements Based on SAP*

Baitul Mal Aceh as one of the government institutions is obligated to present a complete set of financial statements including budget execution reports and financial reports. Both of the reports are prepared to provide appropriate information regarding the financial position and all transactions performed during a certain period as a form of accountability to the public in order to create transparency of the institution.

According to Government Regulation (PP) No. 71/2010 on Government Accounting Standards and PP No. 12/2019 on Regional Financial Management, the components of financial statements that must be prepared by Baitul Mal Aceh as part of regional working units (SKPD), which is now called regional apparatus organization (OPD), at least include:

a. Statement of Budget Realization (LRA)

LRA provides information related to OPDs' budget on revenue and expenditure and its realization. This report used to analyze the difference between the budget and its realization as well as the expenditure-to-revenue ratio. LRA also offers the data implying the efficiency and maturity of planning activities conducted by Baitul Mal Aceh.

b. Balance Sheet

The balance sheet presents the financial position at a certain date or the end of the fiscal year. Based on SAP, the relationship between assets and accounts in liabilities is parallel. The value of asset components has a direct connection to liabilities. Therefore, the numbers in the balance sheet provide information about the wealth of Baitul Mal Aceh and its sources.

c. Operational Report (LO)

LO shows data related to economic resources and their use in all operational activities of OPD during one reporting period. This report includes sources of revenues, expenditures, and operational surplus/deficit of Baitul Mal Aceh and its disclosure is juxtaposed with the previous period.



d. Statement of Changes in Equity

The statement of changes in equity provides information about the increase or decrease of equity included beginning equity, surplus/deficit-LO, correction, and ending equity at a certain date. This should be noted that the value of ending equity in the statement of changes in equity must be equal to the total value of equity in the balance sheet.

e. Notes to Financial Statements (CaLK)

Information regarding various unreadable matters from the LRA and balance sheet as well as the further details of the elements included in the statement of changes in equity are explained in notes to financial statements. CaLK not only gives supplementary details about the accounts in financial statements but also enlightens the various policies, approaches, methods, and basics in determining the numbers presented in the financial statements. Additionally, it also informs all of the information related to factors, assumptions, and conditions affecting the numbers shown in the reports.

In the process of preparing financial statements based on SAP, the accounting basis that must be used by the government is accrual basis as regulated in PP No.71/2010 Article 4 Paragraph (1). Furthermore, technical measures in preparing financial statements are thoroughly explained in the Home Affairs Ministry Regulation (Permendagri) No. 64/2013 on the Implementation of Accrual-Based Governmental Accounting Standards on Regional Government. Permendagri No.64/2013 Article 1 Paragraph (10) states that an accrual basis is an accounting basis that measures the transaction at the time it occurs regardless of the cash is made or received. The financial statements based on SAP are expected to have at least four qualities of information, which are relevant, reliable, comparable, and understandable.

*Financial Statements Based on PSAK 109*

Baitul Mal Aceh as an institution whose main activities are collecting and distributing zakat/infaq funds is demanded to be able to increase public trust that will also impact on optimizing the potential of zakat/infaq. Therefore, the implementation of an adequate accounting system in managing zakat is expected to improve the effectiveness, efficiency, transparency, and accountability of Baitul Mal. In 2010, the Indonesian Institute of Accountant



(IAI) has issued a statement of financial accounting standards 109 (PSAK 109) on Accounting for Zakat and Infaq/Sedekah. The components of financial statements as the final result of accounting processes in accordance with PSAK 109 are as follows:

a. Balance Sheet

The balance sheet provides the information related to assets (included assets under management), liabilities, and funds balance as well the information about the relationship among these elements at a certain date. Kustiawan et al. (2012:22) mentioned that the information presented in the balance sheet used together with the disclosure of information in other financial statements can help to assess:

1. Ability of amil zakat to provide continuous services; and
2. Liquidity, financial flexibility, and ability to fulfill the obligations as well as external funding needs, if any.

b. Statement of Changes in Fund

The statement of changes in the fund is presented as a material to evaluate to performance of amil zakat institutions in detail including the efforts, capabilities, and sustainability in providing services as well as responsibilities and performance of amil. In other words, this report reflects the performance of Baitul Mal particularly related to its ability to attract funds in large amounts and types as well as to distribute the funds right on the target. Therefore, the main purpose of the statement on changes in the fund is to provide information on:

1. The effects of transactions and other events that change the amount or nature of the balance;
2. The relationship between transactions and other events; and
3. The use of resources in performing various programs and services.

c. Statement of Changes in Assets under Management

The statement of changes in assets under management illustrates the changes of funds balance on quantity and value of assets under management, which is included current assets and non-current assets for each type of funds in one period. According to Megawati and Trisnawati (2014:40-59), current assets under management are the assets that have been managed for no more than one year, i.e. revolving receivables funded from infaq. Meanwhile, non-current assets under management are the assets in the form of facility/infrastructure that is physically managed by amil





zakat for more than one year, i.e. school, hospital, land, etc. The report of changes in assets under management covers posts as follows:

1. Information, i.e. type of funds, current/non-current assets, and name of assets;
2. Beginning balance;
3. Increase;
4. Decrease;
5. Accumulated depreciation;
6. Accumulated allowance; and
7. Ending balance.

d. Statement of Cash Flows

The statement of cash flows explains the details of transactions, both cash inflows and outflows, to detect the net decrease/increase of cash and cash equivalents based on the activities of operating, investing, and financing for one accounting period. The report informs the ability of amil zakat in generating and managing cash and cash equivalents.

e. Notes to Financial Statements

The notes to financial statements describe the details of the numbers presented in financial reports in both qualitative and quantitative forms. The notes also cover the general information about Baitul Mal Aceh, accounting policies used in financial reporting, further explanation of each account requiring more details, and other information deemed necessary.

In the process of preparing financial statements based on PSAK 109, the revenues of zakat and infaq or alms are recognized at time cash and other assets are received. If the revenues of zakat and infaq or alms are received in cash, the receipts are recognized at the amount received. If the revenues of zakat and infaq or alms are received in the form of non-cash, the receipts are recognized at fair value (market price) of the non-cash assets. Additionally, the disclosure of zakat, infaq or alms, amil, and non-halal funds must be separately recorded in the balance sheet. The financial statements based on PSAK 109 are expected to create uniformity and comparability in the financial reporting presented by zakat institutions and to make them prepared to be audited by a public accountant.



## **Accounting Treatments for Zakat in Baitul Mal Aceh**

### *Accounting Treatments for Zakat Based on SAP*

The history of provisions on zakat as locally generated income (PAD) begins with the enactment of Law No. 18/2001 on Special Autonomy for Aceh and reaffirmed in Law No. 11/2006 on Aceh Government in Article 180 Paragraph (1) letter d. The regulations strengthen the role of the state in zakat management as part of the implementation of Sharia law, especially in Aceh.

The further provisions regarding this issue are mentioned in Qanun Aceh No. 10/2007 on Baitul Mal Aceh in Article 24 Paragraph (2) and Qanun Aceh No. 10/2018 on Baitul Mal Aceh in Article 109 states that all the receipt of zakat managed by Baitul Mal Aceh is a source of Aceh PAD that must be deposited to Aceh Regional Treasury. Additionally, Article 25 Paragraph (2) mentions that all the receipts of zakat managed by Baitul Mal at District/City level must be deposited to the District/City Treasury.

The regulation of zakat as PAD in Aceh is like a fiscal policy that has been applied by the Prophet Muhammad SAW. The fiscal policy refers to how a government adjusts the state budget to influence a nation's economy for the better (Ibrahim, 2011). The changes in tax policies and government spending are expected to overcome the economic problems encountered (Sukirno, 1995: 170). However, there are several problems after the enactment of these provisions while there is no the derivative of them that regulates the management of zakat as PAD specifically.

Musa (2016:9) identified that the emergence of problems in the management of zakat as PAD in Baitul Mal Aceh, among others is in the mechanism of zakat disbursement. Due to the recognition of zakat as PAD, the disbursement of zakat must follow regional financial rules where zakat is equal to other PADs. Consequently, it can only be distributed by Baitul Mal Aceh when Aceh regional budget (APBD/APBA) is approved. This condition is not under Qanun Aceh No. 10/2018 Article 120 and Pergub No. 6/2015 Article 10 stating that to maintain the continuity of zakat distribution to the beneficiary (mustahik), Baitul Mal Aceh is permitted to withdraw the zakat funds deposited in Aceh general cash even though the APBA is not approved yet. The maximum that can be withdrawn is as much as the remaining realization of zakat receipt from the previous fiscal year. The amount of zakat distributed does not have to be equal to the zakat received because it is bound to the platform specified in



APBA. Likewise, there is a controversy in the procurement of goods and services for the zakat productive program conducted by Baitul Mal Aceh as it must follow the mechanism of government procurement. As a result, Baitul Mal Aceh has experienced difficulty in realizing the program.

Theoretically, the standards for zakat management should be done as stated in Regional Government Regulation (Pergub) No. 6/2015 on the procedures for receipt and disbursement of zakat funds in Aceh general cash. The zakat collected by zakat management unit (UPZ) at public/private institutions, Baitul Mal Aceh, and Aceh general treasury will be deposited to the zakat receipt account of Aceh general cash. Pergub No. 6/2015 Article 4 states that Aceh Financial Agency through Treasury Division should prepare and present a monthly report about the receipt of zakat to Baitul Mal Aceh no later than the 10th of the following month. The monthly report is a consolidated report containing all of the zakat receipt in the account of Aceh general cash as well as zakat deposited by UPZ, Baitul Mal, public, and Aceh general treasury.

The roles of the Treasury Division at Aceh Financial Agency included verifying the deduction of zakat from every payment warrant (SPM), ensuring files for the payment of zakat are attached, checking that the number of zakat deducted as well as collecting/depositing it to zakat receipt account of Aceh general cash, and any other activities that be able to increase the receipt of zakat until the issue of the warrant for fund disbursement (SP2D). Furthermore, Article 9 mentions that in terms of the realization of zakat funds that is not completely distributed by Implementing Agency Baitul Mal Aceh, the remaining of zakat funds must be redeposited to the zakat receipt account of Aceh general cash before December 31 of the current year and it will be the beginning balance of zakat receipt in the following year.

In the process of financial reporting on activities performed by Baitul Mal as a government institution, several accounting policies are governing the recognition, measurement, assessment, disclosure and presentation of transactions based on SAP. The presentation of financial statements for general purpose is compiled on an accrual basis. The financial statements for general purpose are intended to meet the common needs of the users including legislative as stipulated in the regulations.

Meanwhile, the accountability of the amount of zakat distributed is performed by Baitul Mal Aceh according to the latest data that has been inventoried based



on the Decree of the Sharia Supervisory Board and is the responsibility of the Head Office of Baitul Mal Aceh. The Head of Baitul Mal Aceh is responsible to present a statement of cash flows at the end of the year to the Aceh Governor and Sharia Supervisory Board as an activity report.

#### *Accounting Treatments for Zakat Based on PSAK 109*

Theoretically, Baitul Mal Aceh is an independent government institution that aims to serve the public. It is a non-profit organization collecting and distributing funds of the people. The purpose of this institution is to provide benefits to the community-sourced from donation, funding, or other legal sources of revenue from the public that is the main income of Baitul Mal Aceh (Wahid et al., 2014).

Although Baitul Mal Aceh is a non-profit institution, its finances must be well managed. It should implement good practice to ensure that all of the revenue sources correspond to the continuity of operational objectives and provide solutions to any problems arise. The financial management activities of this organization consist of planning and budgeting, handling of transactions and accounting as well as managing finance. Planning and budgeting include the right personnel in the budgeting process, considering both internal and external factors budgeting development, using both past and present information to advance realistic goal projection as well as approving the budget's utilization in managing operational sustainability (Hud & Cash, 1998:29).

The handling of transactions and accounting is related to financial activities, which are a cheque must be written in order to pay the liabilities, the incoming cheque must be immediately deposited, the organization commitment must be written, the continuity of financial activities must be maintained, and the information must be presented by the executive of organization understandably. The activities also cover recruiting suitable and competent staff, recording of financial transactions timely and accurately, authorizing of payments properly, depositing receipts precisely, and preparing financial statements punctually and reliably.

The managing of finance encompasses the management of financial operations based on knowledge and financial information analysis on the planning and objectives of the organization. The financial management also includes anticipating of financial problems, maximizing financial sources, ensuring tax compliance, confirming agreement with funders, guaranteeing obedience with



financial accounting standards for nonprofits, and providing useful information for the program manager.

Baitul Mal Aceh as a nonprofit and social institution must have several qualifications and minimum standards as other nonprofits. Stewart (2017) stated seven characteristics that should be possessed by a nonprofit so that it can be categorized as financially healthy, which are:

1. Sufficient income to ensure program stability;
2. Appropriate liquidity to cash in times of shortfall;
3. Engaging in the income-based budget, rather than budget-based spending;
4. Consistent surpluses at the end of each year;
5. Accumulated sufficient funds to cover in years where a deficit does occur;
6. Established operational reserve funds; and
7. Maintaining financial stability.

Therefore, Baitul Mal Aceh is required to prepare financial statements properly and adequately as it has special tasks in managing the funds of the people. This organization especially manages the zakat funds and distributes it to those who deserve it, namely the group of *asnaf tsamaniyah*. Qardhawi (1999:123) explained that *asnaf tsamaniyah* is a group determined as recipients of zakat as mentioned in Al-Quran Surah Al-Taubah (9:60). They are the poor, the needy, zakat administrators (amil), new Muslims (mu'allaf), slaves/captives, the debt-ridden, in the cause of God (fisabilillah) and the wayfarer (ibn al-sabil)

The requirement to present two different financial statements creates a problem in financial reporting. The duality in financial statements occurs as Baitul Mal Aceh has become part of government institutions due to the recognition of zakat as PAD. On the other hand, Baitul Mal Aceh is also a nonprofit organization that is systematically required to be able to follow appropriate rules in preparing financial reports, which is PSAK 109.

Accounting for zakat explained in PSAK 109 aims to regulate the recognition, measurement, presentation as well as disclosure of zakat and infaq or alms transactions. The details of accounting treatment are as follows:

1. Beginning recognition
  - a. The receipt of zakat is recognized at the time cash or other assets received and is recorded as the increase of zakat funds.



- b. The receipt of infaq or alms is recognized at the time cash or other assets received and is documented as either specified or unspecified funds of infaq or alms under the objectives of infaq/sedekah benefactor.
- c. If zakat and infaq or alms are received in cash, the receipts are recognized at the amount received. If zakat and infaq or alms are received in the form of non-cash, the receipts are recognized at fair value (market price) of the non-cash assets.
- d. The zakat received is recognized as amil fund for amil rights and as zakat funds for non-amil share. If the donor (*muzakki*) determines the beneficiary (*mustahiq*) who must receive zakat through amil, the receipt of zakat is entirely recognized as zakat funds and no amil rights. If amil receives a fee (*ujrah*) from the service provided, it is recognized as the increase of amil funds.
- e. The receipt of infaq or alms is recognized as amil funds for amil rights and as infaq or alms funds for the share of infaq or alms recipients.

## 2. Measurement

The decrease values of zakat assets and non-current assets of infaq or alms are recognized as (1) deduction of zakat and infaq or alms funds (if not caused by amil); (2) loss and deduction of amil funds (if caused by amil's negligence).

## 3. Distribution

Zakat and infaq/sedekah distributed to mustahiq are recognized as deduction of zakat and infaq/sedekah funds in the amount of (1) number given (if in the form of cash); (2) recorded number (if in the form of non-cash).

## 4. Presentation

Amil presents zakat, infaq/sedekah, amil, and non-halal funds separately in the balance sheet.

## 5. Disclosure

- a. Amil must disclose matters related to zakat and infaq or alms transactions, including distribution policies, details of the distribution amount, and so forth.
- b. Amil discloses the existence of non-halal funds.
- c. Amil discloses the performance of amil on the receipt and distribution of zakat and infaq or alms funds.



Therefore, motivational steps are needed as the solution for the problems occurred in Baitul Mal Aceh. The government policies and authorized officials along with accountants must provide soluble measures by preparing more dynamic accounting standards that be able to accommodate the position of Baitul Mal Aceh as both nonprofit organization and government working unit. The standards are expected to facilitate Baitul Mal Aceh in performing the mandate of people.

### **Evaluation of Accounting for Zakat in Baitul Mal Aceh**

Baitul Mal Aceh is required to present adequate financial statements properly as the reports are used by a variety of interested users. Baitul Mal Aceh is an institution that has special tasks in managing the funds of the people, included the receipts and distribution of the funds to the Muslims who deserve it. Therefore, Baitul Mal Aceh presented financial statements based on both Government Accounting Standards (SAP) and a statement of financial accounting standards 109 (PSAK 109) to increase the institution's transparency and accountability.

#### *Evaluation of Accounting for Zakat Based on SAP*

As a form of accountability for the authority performed, Baitul Mal Aceh prepares the complete financial statements annually based on SAP and applicable regulations of regional financial management. The reports are provided to the Governor as a form of liability for regional financial management.

The accounting basis used in financial statements reported by Baitul Mal Aceh is an accrual basis, which is an accounting basis that measures the transaction at the time it occurs regardless of the cash is made or received. This matter is under Permendagri No.64/2013 on the Implementation of Accrual-Based Governmental Accounting Standards on Regional Government as a follow up to PP No.71/2010.

Based on the interview with the Treasurer in the Financial Department of Sekretariat Baitul Mal Aceh, the preparation of financial statements based on SAP in Baitul Mal Aceh was operated by a computer. "We used an application called regional financial management information system (SIPKD) so that the process of making reports becomes easier" said the Treasurer. The responsible party preparing financial statements only needs to enter the transaction data to



the application, then the system will automatically display the relevant journals, post it to the ledger and the balance can be immediately disclosed in the trial balance. Moreover, operational report and statement of budget realization also can be immediately seen after the transactions are journalized. The statement of changes in equity and balance sheet are also automatically presented in SIPKD.

The use of SIPKD is generally considered to be very helpful in answering the human resources problems faced by almost all government institutions, including Baitul Mal Aceh. The lack of human resources remains a major obstacle in the implementation of SAP. This issue becomes a problem due to the incompatibility placement between the available human resources and required qualifications. Human resources who at least have an educational background in accounting and have an understanding of accrual-based accounting are expected to facilitate the process of preparing financial statements based on SAP.

Based on the observed financial statements data, the accounting processes done by Baitul Aceh have been precisely performed and under technical measures in preparing financial statements stated in Permendagri and the laws related to SAP. However, information about the procurement of assets as a basis to calculate the assets depreciation was not included in a complete set of financial statements presented. In addition, Accrual-based SAP Statement No. 07 states that the information related to depreciation must include either the useful life or the depreciation rates used. Unfortunately, this material was not found in a set of financial statements disclosed. This is because the details numbers of the data are available at General Affair Department and are in the process of synchronization with Aceh Financial Management Board (BPKA) as a regional asset's manager.

#### *Evaluation of Accounting for Zakat Based on PSAK 109*

Baitul Mal Aceh is one of Aceh special institutions whose formation is intended to collect and distribute the funds of zakat and infaq or alms. Therefore, it is required to present financial statements by referring to PSAK 109 as a tool for the public to gain information related to the management of zakat and infaq or alms as well as to monitor it (Kusumawati, 2018). The financial statements were prepared by Sub Division of Accounting and Reporting Baitul Mal Aceh





and it has been presented from 2012 to 2017. Unfortunately, the financial statements based on PSAK 109 were not presented in the last two years. The main problem faced in the preparation of financial statements based on PSAK 109 is related to the lack of human resources and supporting facilities/devices. A shortage of available human resources with the required qualifications prevents the presentation of financial statements regularly.

Based on the available financial statements, there are some differences in treatment between Baitul Mal Aceh and PSAK 109, which are:

a. Disclosure of Amil Funds

According to PSAK 109 Paragraph 12, the receipt of zakat is recognized as amil fund for amil rights and as zakat funds for non-amil share. The receipt of amil funds is recognized at the value allocated for amil share from zakat, infaq or alms and other revenues. If amil receives a fee (*ujrah*) from the service provided, it is recognized as the increase of amil funds. Amil funds are commonly used for general and administrative expenses, including program socialization costs, human resources development costs, and other important costs.

PSAK 109 also mentions that Amil funds are separately presented in the balance sheet at the time of financial statements presentation. However, there was no item for Amil funds in the balance sheet disclosed by Baitul Mal Aceh. This is because the value of amil funds usage from zakat received was zero as all of the operational costs in performing Baitul Mal Aceh activities are charged from regional budgets.

Additionally, amil funds, which must be distributed and recognized as the increase of amil funds according to PSAK 109, are included in the post of zakat funds and distributes to the beneficiary (*mustahik*). The intended mustahik are amil at Aceh General Treasury, amil served as zakat fundraiser at public or vertical institutions, and amil volunteers at work unit in Baitul Mal Aceh.

b. Disclosure of Non-halal Funds

The receipt of non-halal funds is all revenues from activities that are not under Sharia principles, including the receipts of current account service or interest sourced from a conventional bank (PSAK 109 Paragraph 32). Non-halal revenue are generally occurred in emergency situations or undesirable conditions by sharia entity because it is principally prohibited. This receipt is recognized as the non-halal fund, separated from zakat, infaq or alms, and amil funds. Non-halal assets are distributed according to sharia.



Up to this moment, Baitul Mal Aceh still has active accounts in the conventional banks as there are still the payers (*muzakki*) who deposit their zakat/infaq to these accounts. Additionally, Baitul Mal Aceh is also received operational funds from Religious Ministry, the bonus from activities, and other revenues that cannot be recognized as zakat or infaq. According to PSAK 109, the presentation of non-halal funds is must be separated in the balance sheet. However, Baitul Mal Aceh disclosed the receipt of non-halal funds sourced from current account service or interest in the post of other funds. The matter related to the usage of non-halal funds, there was no explanation on it. This is because Baitul Mal Aceh has never distributed the funds.

c. Disclosure of Statement in Changes in Assets under Management

On the page of accounting policy overview, it is important to mention that the basis of financial statements prepared by Baitul Mal Aceh refers to Indonesia Financial Accounting Standards, especially PSAK 109 on Accounting for Zakat and Infaq/Sedekah. PSAK 109 mentions that the complete components of financial statements prepared by amil consist of the balance sheet, statement of changes in funds, statement of changes in assets under management, statement of cash flows, and notes to financial statements.

However, from the data observed, Baitul Mal Aceh did not present the statement of changes in assets under management implying that the disclosure of financial statements was incomplete. Even though Baitul Mal Aceh has a funding program sourced from infaq funds for one year, it was not disclosed in the statement of changes in assets under management. The usage of infaq funds for this program could be reported as a current asset under management in the statement of changes in assets under management as explained in PSAK 109. Meanwhile, the information related to this program can be found in the annual report that is separately prepared by the unit managing the program called ZIS Productive Unit.

## CONCLUSION

Baitul Mal Aceh as an independent government institution is required to present two types of financial statements, which are financial statements under Government Accounting Standards (SAP) and also refers to the statement of financial accounting standards 109 (PSAK 109) in order to create good zakat



governance. This study investigated the compliance of Baitul Mal Aceh with both standards in its zakat financial reporting.

The findings showed that Baitul Mal Aceh has implemented accrual-based SAP in presented annual financial statements according to the Government Regulation (PP) No.71/2010. In general, the accounting processes until the completion of financial statements conducted by Baitul Mal Aceh are under the practical guidelines on the implementation of SAP. However, a variance was found in the presentation of information related to the procurement of assets and the details of their depreciations.

In addition, Baitul Mal Aceh also disclosed financial statements based on PSAK 109. Due to limited human resources and supporting facilities/devices, the presentation of financial statements regularly is a major obstacle for Baitul Mal Aceh. From the available financial statements data, there are some differences in the disclosure compared to PSAK 109. First of all, there was no item for Amil funds in the balance sheet because the value was zero. Secondly, there was also no Non-halal funds post in the balance sheet as it was mentioned as other funds. In addition, the distribution of Non-halal funds was not explained in detail because the number was also zero. Finally, there was no statement of changes in assets under management whereas Baitul Mal Aceh has a funding program sourced from Infaq for 1 year. This program should be reported as current asset management in the report of changes in assets under management.

From this study, it is expected that Baitul Mal Aceh could prepare its financial statements under both SAP and PSAK 109 standards accordingly. In addition, Aceh government and authorized officials are expected to make a policy of accounting for zakat on Baitul Mal Aceh so that the presented financial statements should be able to connect both standards as a commitment to creating transparency and accountability of zakat management. Furthermore, Baitul Mal Aceh is anticipated to compile Standard Operational Procedures (SOP) for financial statements immediately and to design an accounting application system so that the recording of transactions until the reporting of completed financial statements become easier, transparent, and credible.

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