Zakat Accounting Information System in Private Higher Education

Caturida Meiwanto Doktoralina, Zakaria Bahari

Abstract: Zakat is one of the five pillars of Islam, and Muslims must pay it after meeting a certain prerequisite. The obligation to pay zakat among Muslims is stated clearly in the Quran and Hadith.

This explains that all Muslims are required to pay zakat with prerequisites, and they need to declare the zakat compensation clearly. However, integrated accounting information in the Zakat Management Organization at private higher educational institutions in Indonesia does not exist yet, especially using finance data analysis with accounting principles.

It may be one of the most important parts of building the trust of the public, especially in increasing the collection and distribution of zakat funds. Accounting information for zakat is still relatively inadequate and ineffective, thus limiting the ability the manager to make a decision for collection & distribution of Zakat. Based on this issue, this paper has two research objectives.

The first one is to form an Accounting Information System of Zakat (AISoZ) conceptual framework, which is compatible with Islamic laws. The second one is to identify the general concepts of shariah accounting. This study uses a content analysis method through documentation study. The result of this study will provide the basis for developing the conceptual framework of AISoZ in higher education so that it can benefit all parties.

The conceptual framework of this study can build givers (muzakki) and beneficiaries (mustahiqq). The Quran and Hadith have long applied these elements to information
systems, and they are suitable for use in all situations. Therefore, people need to cooperate to provide a good zakat service system and to maintain better zakat networks.

Keywords: Accounting, Develop, Higher Education, Information, Zakat. JEL code: M14, M15, M30, M40, O10. Introduction Zakat a form of alms-giving treated in Islam is an important source of socio-economic development Muslim countries. Therefore, Khamis, Mohd, Salleh, and Nawi (2014) recommend the allocation of zakat funds to help generate the country's economic activity, contribute to social security and bridge the gap between the rich and the poor.

Furthermore, Bidin, Idris, Shamsudin, and Faridahwati (2009) state that the development of national economic independence and society can be actively implemented if zakat money can be managed effectively. According to Islamic law, individuals paying zakat purify their souls and possessions. Therefore, a professional, transparent and accountable record is required.

This will ensure that the money collected from the payment of zakat can be distributed to Muslim brethren who meet the criteria based on the Quran in surah At-Taubah verse 60 (Fahme, Ali, Ridhwan, & Aziz, 2014). It can also help reduce the number of Muslims in Indonesia who refuse to pay zakat due to technical problems (Doktoralina, 2016a, 2016b; Doktoralina & Bahari, 2017).

Statistics show that records of the collection and distribution of zakat carried out by a number of zakat collecting organisations (LAZ/OPZ) in higher education in Indonesia do not exist yet. Moreover, zakat on income earns the highest percentage in total zakat collection (Bidin, Idris, & Shamsudin, 2009). However, despite the 2014 government regulation of the Republic of Indonesia Number 14 about the implementation of law 23/2011 on the management of zakat issued, an integrated systemic reporting is still lacking.

In fact, based on the Act of the Republic of Indonesia Number 14 about Teachers and Lecturers (2005), higher education must be the source of information to promote zakat as one of its functions. There are four accounting standards for zakat listed in the International Financial Reporting Standards (SAK) Number 109, which are accounting standards in Indonesia.

They are financial Accounting Standards (SAK), Public Accounting Standards without Accountability (SAK ETAP), Shariah Financial Accounting Standards of (SAK Syariah) and Government Accounting Standards (SAP). However, in general, it government still uses a
case-based method that only reports receipts of funds and expenses. Therefore, all zakat collectors (Amil) in Indonesia should systematically carry out the reporting of the use of zakat funds so that people can monitor the activities directly. In fact, the issue of muzakki mistrust because of the lack of transparency in using ZIS funds managed by Amil for society can be resolved as well.

This will also affect the behaviour of the community in fulfilling the obligation of zakat. It will encourage Muslims to pay serious attention to the obligation of paying zakat (Khamis et al., 2014). This matter supports the opinion of Bidin, Idris, and Shamsudin (2009) that the development of national economic independence and society can be actively implemented if zakat money can be managed effectively.

Zakat studies in Indonesia have become of great interest because Indonesia is the largest Muslim country in the world (Lessy, 2009), with a Muslim population of 231 million (87.2% of 265 million) in 2018 (Desilver & Masci, 2017; Pew Research, 2015; Sari, Bahari, & Hamat, 2013). Among the Muslim population in Indonesia, about 112 million people are obliged to pay zakat with the potential to reach USD 600 million (Beik, 2015).

This means that zakat management in Indonesia is a relevant research topic (Siswantoro & Nurhayati, 2012). The effectiveness of financial records through AISoZ also supports the study by Doktoralina and Bahari (2017) that found that if the level of ability to meet the needs of the goods increases, the level of intent to pay zakat will also increase.

Therefore, it is essential to re-evaluate zakat management based on legal sources in Islam rather than merely modifying the Western ethno-centric concept (M. S. Salleh, 2014). Zakat in Indonesia Many zakat studies have been conducted (Badan Amil Zakat Nasional, 2018; Firdaus, Beik, Irawan, & Juanda, 2012). Beik (2015) explains there are three typologies of the zakat system in terms of the regulations and obligations based on law.

The first is a comprehensive zakat management model in which the state has formal laws and regulations on zakat, and zakat is made a duty of its citizens. The second is the partial management model in which the state has formal obligations and regulations related to zakat, but zakat is not yet an obligation that must be fulfilled by its citizens.

The third is a secular model in which the state considers that zakat is the private matter of the society, so there is no government intervention or regulation on the institution of zakat itself. The LAZ/OPZ model is not optimum developed in Indonesia, this is seen because there is no real record of muzakki & mustahiq. However, there is still a discrepancy between the potential of zakat and the reality of zakat in Indonesia.
This is where higher education in Indonesia can step in to manage zakat well through AISoZ (Wahab, Zainol, & Bakar, 2016) to assess the level of quality of zakat institutions from the perspective of zakat stakeholders. Therefore, from the perspective of reporting, paying zakat and distributing components of financial statements must be in accordance with SAK 101, i.e.

Guidelines on Financial Accounting Standards. The format of the financial statements is based on SAK 109, which are in accordance with the Financial Accounting Standards Guidelines that set the accounting standards for zakat and infaq (spending). However, items that are not specified in SAK 109 may use the relevant SAK as long as they are not conflicting with Islamic shariah.

An information system is a way to simplify the work process to support non-routine decisions and plan and control activities at all levels of the organisation. This has affected the payment of zakat by muzakki (Harianto, 2016) and has affected the OPZ to take zakat as required (Doktoralina & Bahari, 2017). Therefore, the roles of AISoZ are to facilitate data processing to provide support for deep data collection analysis to impose financial management and simplify the auditing process (Brown-Liburd, Issa, & Lombardi, 2015).

Based on these facts, this study is very important because the development of AISoZ is the quality of information, accountability and transparency, which have an effect on the level of acceptance of zakat funds (Bremer, 2013; Marliyati, Nikmatuniayah, & A, 2017). There is still a gap, especially in determining the added value of shariah as a study as stated by Mulawarman, Triyuwono, and Ludigdo (2007).

They argue that all types of value added (economic, mental and spiritual) are required, processed, and distributed in a halal manner until an integrated receipt proof can be used as tax cuts on zakat activity paid. Therefore, the issue is whether AISoZ is used to measure the level of payment of zakat on income or not. In addition, does the integrated zakat accounting information system affect muzakki in paying income zakat? Forming AISoZ’s conceptual framework must be in accordance with Islamic law and must identify the concepts of general shariah accounting.

That is why the subtopics of the discussion are about AISoZ knowledge level, Shariah Value Added (SVA) level and things affecting the implementation of AISoZ. 2.1 Amil Zakat Board Accounting Today The principle of zakat money management is trust. It is in accordance with the command of the Quran. The majority of Islamic theologian (ulama) agree that the the minimum amount for a muslim net worth to be obligated to
give zakat (nisab) of business zakat corresponds to the value of 85 grams of gold or 200 silver dirhams, and it is calculated based on the financial year with the value of 2.5% of the asset.

Management using the Accounting Information System (AIS) is not going well; the OPZ is still following a preliminary financial approach, which is manual, duplicate and inefficient. Although the AISoZ exists, it still cannot overcome the problem of inefficient accounting, insufficient information and ineffective decisions. On the other hand, the OPZ has long been running zakat collection, building a network of information systems and optimising the use of computers in completing daily accounting operations. In fact, the AISoZ analysis has included historical data systems to assess past controls and process predictions conducted today.

Actually, the accounting standard for zakat in Indonesia refers to SAK 109, with the scope only for Amil to receive and distribute zakat and infaq/sadaqah. This SAK is required for zakat management institutions with permits and their supporting institutions. SAK 109 Paragraph 6 states that muzakki may submit zakat directly to mustahiqq or submit it through Amil.

However, if it involves the government system and the provision of other facilities and tax deductions, it is appropriate for all zakat payments to be made to institutions established by the government. To fill the gap between muzakki delivering zakat directly to mustahiqq and having it delivered through Amil, it is necessary to implement AISoZ development. 2.2

Implementation of Zakat Information and Distribution of Zakat Islam requires every Muslim, male or female, who has a certain minimum wealth to pay zakat each year in accordance with the provisions. Literally, the word ‘zakat’ means cleansing and growth. Cleansing can be interpreted as a way for zakat payers to purify souls and property from selfishness and greed (Hussain & Abdullah, 2015).

Growth means the beneficiaries of zakat can use the funds they receive in productive activities to generate more revenue (Aziz, Jamil, Ismail, & Abdul Rahman, 2013). Therefore, in practice, the implementation of common information for zakat collection is the same in every Muslim country, i.e. collecting and distributing zakat funds to eight beneficiaries of zakat (asnaf).

Islamic economics also ensures that preventive measures such as controlling ownership and malpractice prevention are taken so that wealth is not concentrated in certain groups of people (Hassan, 2006). Thus, Muslim managers can fulfil their obligations to
Allah (S.W.T), society, the environment and themselves and achieve socio-economic justice, **success in this world and** the hereafter (Haniffa, Hudaib, & Mirza, 2004).

It is necessary to systematically clarify the recognition and measurement mechanisms in a productive system as described in PSAK 109 as financial capital to ensure accountability and transparency for the public (Ball, Grubnic, & Birchall, 2014). This is necessary because there is still a difference between potential and actual zakat (Badan Amil Zakat Nasional, 2018) and that accountability and transparency are essential for the public to know (Komala, 2012). It also supports an in-depth study of how they see the issue of zakat (Abu Bakar, 2007).

This is a challenge to do efficiently, so the goal is still paying attention to Islamic jurisprudence (fiqh) requirements (Sayed Sikandar, 2013). This requirement is that recording transactions are done for the purpose of generating financial statements in accordance with the rules set by Allah SWT (Triyuwono, 2015). But among the community, it still appears manual and still needs confirmation by the local organisation of zakat office by sending a valid transfer of evidence.

2.3 Accounting Information System of Zakat (AISoZ) In general, AISoZ has become a topic of discussion (Mohammed Sarea & Mohd Hanefah, 2013). However, in implementing AISoZ, it is necessary to understand that the collection of zakat according to the term Islamic fiqh is a certain amount of property which must be removed from the wealth of muzakki to be handed over to mustahiqq.

It is also considered an instrument of prayer and a way of awakening God-consciousness (Rahman, 2015; Triyuwono, 2015). Islam, as the second largest religion in the world, also promotes contributions to reduce Muslim poverty (Bremer, 2013; Noor, Amin, Bakar, & Khairi, 2015). Therefore, in Indonesia, the strategy of zakat recordkeeping is based on Zakat Law No. 23 of 2011.

The fifth part of Article 29 line 1 is that National Agency of Amil Zakat (BAZNAS) districts shall report on the implementation of zakat, infaq, alms, and other social-religious arrangements to the provincial BAZNAS and local governments on a periodic basis as part of the drive to reduce poverty (Muliyaningsih, 2013) and promote the fulfilment of basic needs (Dogarawa, 2008).

It is said that zakat is a mandatory practice, and it can be regarded as an obligation paid by Muslims to the public to help the less fortunate individuals economically (Pistrui & Sreih, 2010), following the stated asnaf. In principle, zakat is paid on the profit of agricultural business, minerals, salaries, wages, honorarium proceeds from work and
halal business by prioritising the necessity of essential (dharuriyyat) and complementary (hajjiyyat).

This is because if the level of ability to meet the needs of the goods increases, the level of intent to pay zakat will also increase (Doktoralina & Bahari, 2017). When that happens, the effects of systematic addition of muzakki will improve. In addition, it also explains that sustaining zakat requires dynamic Input-Process-Output. Some studies in the West have led to a separation of types of income in accordance with Islamic law, particularly regarding bank benefits (Nugroho, Villaroe, & Utami, 2017; Rahman, 2015; M. O. Salleh, Jaafar, Ebrahim, & Molyneux, 2012).

In Indonesia, the accounting system is based on the one used in the West; the SVA concept is not fully tracked. However, the awareness of general income separation has been done by muzakki, who generally pay attention to the fatwa of the Indonesian Council of Ulama (MUI) Number 13 of 2011 that zakat must be paid for the legal property, either the property itself or profit from its acquisition.

However, if the profit of business is a result of businesses such as the liquor trade and bank benefits, then the profit of the business (not the principle of capital) should generally be used for public benefit. This can be done through online mechanisms which will be built. Aim and Contribution of the Study The purposes of the proposed model study are to determine the capabilities and relevance of establishing the AISoZ concept framework with Islamic law, to be able to identify the general concept of shariah accounting for further discussion to develop a persuasive model which can be tested again at the empirical level (See Figure 1). In addition, the model can be followed by a discussion of the theoretical concepts that support it.

Discussion In this modern era, ongoing measures to clarify changes are important for users’ decision-making, accounting information supervisors and policymakers. Researchers have discussed the potential of technological changes in financial reporting, external audit and management accounting, taking into account potential changes to the future of accounting and auditing research (Arnold, 2016).

Zakat has become an important source of finance, especially in Muslim countries. In addition, the number of internet users in the world in 2018 was estimated at 3.6 billion (Ministry of Communication and Informatics, 2017). This is relevant as shown by Abd Ghani (2013), Romney & Steinbart (2012), Wardiwiyono (2012), and Weber (2012) in their research on accounting activities with Information Technology resources. AISoZ allows Shariah-compliant implementation of this activity.
Indonesia, a country with a high Islamic population, is still lagging in terms of the collection and distribution of zakat money. As the data on zakat collection, national inflows and charities by the OPZ in 2015 reached RM ± 12 million (USD 269.29 million) or less than 1.3% of the potential (Badan Amil Zakat Nasional, 2018).

Although the zakat received by the country increases every year, many wealthy people do not participate in the payment of zakat. Therefore, there are still many technical problems that need to be corrected in accordance with government principles. Doktoralina and Bahari (2017) and Huda and Sawarjuwono (2013) show evidence of the need for AlSoZ to improve zakat accountability and the compilation of mustahiqq and muzakki data through related units in zakat management.

Most accounting information systems which have now been developed can help provide the right information (Alrabei, 2014). However, cultural importance, staff development and knowledge in the design of management control systems are also important to direct accountants in committing to providing relevant information to make decisions (Drury, 2013; Hilton & Platt, 2013).

In principle, increasing the quality of exposure to informational requirements is required. However, the quality of disclosure of accounting information is still low compared to profitability and institutions (Rekarti & Doktoralina, 2017; Wang, Che, Fan, & Gu, 2014).

Therefore, the framework of the AlSoZ Model development framework concerning Input-Process-Output is needed because of differences in accounting system reviews generally. Zakat has become an important source of finance, especially in Islamic countries. Therefore, the factors that affect the payment of zakat must also be examined to strengthen the zakat system in Indonesia.

In Indonesia, since Act Number 14 of the Republic of Indonesia about Teachers and Lecturers and the stipulation of the Government Regulation on the Implementation of Law (PP) Number 23 of 2014 on zakat management items at the university, it is known that the payment of zakat on income is a religious obligation (Tajuddin, Azman, & Shamsuddin, 2015).

Enforcement of the Act and the PP provides evidence for the study that lecturers are knowledgeable and can disseminate information to communities representing the government. Sapingi, Ahmad and Mohamad (2011) also state that people who do not pay zakat on their income are considered to be denying their religious obligations. This matter is also influenced by such factors as God-consciousness (taqwa) and technical problems at the OPZ.
In addition, if observed in the changing times of the digital age, AlSoZ is well suited to deliver effective service in the collection of zakat and its distribution in remote areas using mobile phones (Doktoralina & Bahari, 2018; Noorhayati, 2011). Implementing AlSoZ with a mobile phone will reduce operating costs due to manual collection, overcome challenges and avoid handling cash (Senthe, 2012), thus increasing the acceptance of zakat and its distribution.

The Theoretical Model Therefore, the two parts of this study are forming the AlSoZ conceptual framework in accordance with Islamic law and identifying the concepts of generally shariah-compliant accounting as shown in Figure 1. Figure 1 gives an overview of AlSoZ, which will enable the government to jointly disclose the real potential of zakat to society.

Figure 1: The Concept of Accounting Information System of Zakat (AlSoZ) The model concept in Figure 1 describes the steps of activity with good accounting records. Muzakki and mustahiqq bank data are required as the main controls in reporting the distribution of zakat funds. Social media is required as a media for reporting the implementation of the activities.

The first step is for the Ministry of Home Affairs to validate the Single Identification Number for people in Indonesia so that the bank data of muzakki and mustahiqq is the main control in reporting the distribution of zakat funds. The bank data must pay attention to Islamic principles (Quran, Sunnah and Scholarly Fatwa). In addition, its listing requires a thorough understanding of PSAK 109. The second step is that all Zakat payments must be made through the bank. Therefore, the OPZ/LAZ must have cooperation regarding this administrative process based on the Quran and Sunna. One of them is avoiding usury for saving on muzakki’s payments. The third step, automating transactions for payments, documents and records the accounting process. In addition, the muzakki and mustahiqq data obtained previously based on the cooperation of the Ministry of Home Affairs and BAZNAS have been recorded and recorded correctly in the database of Bank.

The aim is to facilitate the process of distributing zakat so that in the end (step 5), the distribution process will automatically be matched with the accounting record, and the integrated delivery process can be published through social media to report on the implementation of activities. In step six, the data report on OPZ/LAZ activities is directly connected to BAZ/BAZNAS.
Conclusion Building AlSoZ is one of the alternatives to increase the amount of zakat collection. The concept of this theoretical model will be tested empirically on real field applications. Therefore, it can be an idea for government control studies in carrying out the activities of muzakki in paying zakat following extrinsic motivation and intrinsic motivation by fostering technological developments to increase the potential of zakat.

Academically, this research can be piloted in many developing countries that still need measures to increase zakat payments. Innovative efforts, as well as the stimulation of new knowledge transfer from the innovative and practical sector of research and development of information technology, are essential.

Therefore, the main objectives of the concept of scientific studies are to foster a practical national framework that inspires muzakki to pay zakat, allows comprehensive mustahiqq data collection and encourages the government to develop a model Accounting Information System of zakat that is precisely and transparently controlled.

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