Implementation of the Principles of Transparency and Accountability of the Indonesian Zakat Management Organization Through the Provision of Information and Financial Reports on Website

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Abstract. Zakat has an important role in driving social and economic welfare in Indonesia. However, to ensure its effectiveness, it is important to ensure transparency and accountability in the management of zakat by Zakat Management Organizations (OPZ). This study aims to explore the implementation of transparency and accountability principles of OPZ in Indonesia through the provision of information and financial reports on their websites. Using descriptive qualitative method, data was obtained from 12 LAZNAS that published their financial reports for 2019-2021. The results show that most OPZs have not maximally utilized the internet for financial information. However, OPZs that have published financial reports on their respective websites can be categorized as "good" in implementing accountability and transparency. Suggestions include increasing the utilization of the website by OPZ, the establishment of regulations by related institutions, and supervision by the government to improve OPZ accountability. Thus, it is expected that the level of public trust in OPZ can increase, supporting the acceptance of zakat, infaq and sadaqah.

Keywords: Accountability, Implementation, Financial Report, Transparency, Zakat Management.

1. Introduction
Zakat in Indonesia has developed, many new zakat institutions have been established, either attached or attached to government agencies or stand alone [1]. Legally, the Indonesian government has also issued Zakat Law No. 38 of 1999, then updated or refined with Zakat Law No. 23 of 2011. It is even supported by Government Regulation (PP) No. 14 Year 2014. The data shows that in 2016 the total zakat collected was still IDR 97,637,657,910 equivalent to USD $ 6,564,199.27 (assuming USD $ 1 = Rp. 14,823.14), in 2017 it increased by 41%, in 2018 it increased by 10% from the previous year, in 2019 it increased significantly by 38% and in 2020 the zakat collected jumped very significantly reaching 19% calculated from the zakat collected 1 year earlier [2]. Although the collected zakat has grown significantly, it is still much lower than the potential of zakat in Indonesia. Baznas admits that the current collected zakat is only around 21.7% of the total potential of zakat, which is around IDR 71.4 T or equivalent to USD $ 4.8 trillion with the assumption that USD $ 1 is equal to IDR 14,850.95 [3].

The biggest challenge to increase zakat collection is to encourage muzakki to pay zakat to the official Zakat Management Organization (OPZ). The uncollected zakat potential can be optimized through zakat digitalization. Urbach and Roglinger [4] defines digitization as the technical process of converting analog signals into digital form. Relevant research on transparency and accountability of website-based amil zakat institutions such as those conducted by [5-10]. Where, the results of his research show...
that the level of publication of financial and non-financial information of institutions is still very low. The average zamil zakat institution is still inefficient in managing zakat information through technology, in this case the website of the zakat institution itself. Supposedly, if digital media is optimally utilized in providing information on the collection and distribution of zakat, it can increase the trust of muzakki and of course can also increase the effectiveness and efficiency of its management.

This research is bolstered by Adachi theory [1], which posits that trust is contingent upon the credibility of an institution, discerned through its transparency. Additionally, the Information Asymmetry theory elucidates that public distrust towards public sector organizations often stems from the information gap between management, who possess direct access to information, and constituents or the public, who are external to management. At this juncture, the concepts of accountability and accessibility assume paramount importance as criteria pertaining to the organization's responsibility in presenting, reporting, and disclosing all activities. Furthermore, the extent to which financial reports encapsulate all pertinent information required by users, and the ease with which this information is accessible to the public, are crucial considerations [2].

Based on the background provided, the research sets out with two primary objectives. Firstly, it aims to evaluate the implementation of transparency principles within zakat management organizations operating in Indonesia. Transparency is pivotal in building trust and ensuring accountability. Secondly, the research seeks to assess the implementation of accountability principles within these organizations, essential for maintaining integrity and effective management of zakat funds. Through these objectives, the study aims to shed light on the current practices and challenges in zakat management in Indonesia.

2. Method

This research is descriptive qualitative research with the aim of investigating circumstances and conditions. The results are written in a research report. According to Miles et al. [11], Qualitative descriptive research uses questionnaires, documentation, or interviews to explain various conditions, situations, or variables that occur in the community under study. After that, the data is processed and analyzed to produce scientific information. The purpose of this research is to provide an overview of how accountability and transparency of OPZ in Indonesia. The sampling technique in this study used the non probability sampling with convenience sampling. In this study, researchers took a sample of 12 official LAZNAS on the PPID BAZNAS website based on the criteria that they had published the 2019-2021 financial statements on the website of each OPZ, namely BAZNAS, Rumah Zakat, Dompet Dhuafa, Laznas Nurul Hayat, Inisiatif Zakat Indonesia (IZI), Baitulmaal Muamalat, NU-Care Lazisnu, Laznas Dewan Dakwah, Rumah Yatim, Griya Yatim and Dhuafa’, Daarul Qur’an Nusantara and Panti Yatim.

The first step in conducting this research is to collect data. The data used is secondary data. Secondary data can be obtained from various sources such as financial reports, the Central Bureau of Statistics (BPS), books, journals, and others. The data collection method used in this study is the checklist method or checklist is a list containing the subject and aspects to be observed. In this study, researchers will observe the components of the website and the contents of the financial statements of the zakat management organizations that have been determined to see whether they exist or not. The researcher will give a sign checklist (v) on components that already exist or already meet the criteria.
In this research, the data is presented in tabular form. Furthermore, the data is analyzed in narrative form. Researchers do this in order to facilitate the presentation of data that has been obtained. So that drawing conclusions will be easier and in accordance with existing data and information. In addition to making it easier for researchers, data presented in the form of graphs and explained narratively will be easier for readers to understand. Collection of relevant information related to zakat management organizations in Indonesia and how they provide financial information and reports on their websites. Data sources may include official documents, organization websites, publications, and other relevant data sources. In this research, the focus is only on the websites of organizations that have been registered in PID Baznas. Next, coding the data that has been collected to facilitate analysis. If the financial statements are disclosed on the OPZ website, a check list mark (v) will be displayed in the year column while those that do not publish financial statements, the year column is blank.

Accountability is seen through the financial statement items disclosed on the OPZ website, if any, then the measurement table will be given a value “one”(1) and if not disclosed is given a score “zero”(0). The level of disclosure is calculated by [12]:

\[
\text{Level of Disclosure} = \sum X \times 100\% \frac{n}{n} \tag{1}
\]

Where:
X : Number of Financial Statement items disclosed
n : Number of Financial Statement items that must be disclosed according to PSAK 109

Likewise with the transparency variable which is seen through the ITRANZ measurement item, if it is present, the measurement table will be given a value. “one”(1) and if not disclosed is given a score “zero”(0). The level of disclosure is calculated using the following formula [13]:

\[
\text{Level of Disclosure} = \sum X \times 100\% \frac{n}{n} \tag{2}
\]

Where:
X : Number of ITRANZ items disclosed on the OPZ website
n : Number of items that must be disclosed based on ITRANZ

<table>
<thead>
<tr>
<th>No.</th>
<th>Score</th>
<th>Criteria</th>
</tr>
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<td>0%-25%</td>
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<tr>
<td>2</td>
<td>26%-50%</td>
<td>Less Transparent</td>
</tr>
<tr>
<td>3</td>
<td>51%-75%</td>
<td>Moderately Transparent</td>
</tr>
<tr>
<td>4</td>
<td>76%-100%</td>
<td>Transparent</td>
</tr>
</tbody>
</table>

3. Result and Discussion
3.1 Research Results

The table in appendix 1 shows that only 12 out of 35 zakat management organizations or 34% have published financial reports for three consecutive years from 2019 to 2021. The twelve OPZs are, BAZNAS, Rumah Zakat, Dompet Dhuafa', Laznas Nurul Hayat, Indonesian Zakat Initiative (IZI), Baitul maal Muamalat, NU-Care Lazisnu, Laznas Dewan Da’wah, Rumah Yatim, Rumah Zakat Indonesia, Daarul Qur’an Nusantara, and Yatim Dhuafa'.
This shows that there are 66% or 23 OPZs that do not disclose their financial statement information for 3 consecutive years, some only publish their financial statements for 2 years, 1 year and some even do not publish financial reports at all. This shows that there are 23 LAZNAS that are still not transparent in disclosing financial statement information to the public/muzakki. In addition, researchers regret that there are still zakat management organizations that do not have a website in this digital and technological era. It should be an absolute thing for OPZ to utilize information technology to maintain muzakki trust and get more muzakki. OPZs that already have a website, more than half, namely 66%, do not publish financial reports. In fact, the publication of financial reports through the website does not require expensive costs and can reach a larger and wider community [14]. In order to realize good governance (where one of the principles is accountability), technology should be utilized to the fullest. This can optimize the management of zakat [15].

There are four types of financial statements of zakat management organizations according to PSAK109, namely: 1) statement of financial position, 2) statement of changes in funds, 3) statement of changes in assets under management, 4) statement of cash flows, and 5) notes to the financial statements. After finding OPZs that disclose financial statement information through the website, there are 12 OPZs that have disclosed their financial statement information. Furthermore, see the completeness of the contents of the financial statements of the 12 OPZ. The following are the results of the analysis of financial statements using the technique checklist for each of the twelve OPZ financial statements.

3.1.1 OPZ Accountability Level

a. statement of financial position

PSAK 109 states that there are four components that must be presented in the statement of financial position, namely the asset component, the liability component, the fund balance component and the sum of the asset side is equal to the sum of the liability side plus the fund balance. The data that has been found describes the level of disclosure of the 2019-2021 financial position statements of 12 OPZ. The results of observations made by researchers show 12 zakat management organizations that publish 2019-2021 financial reports on the website. Of the 12 OPZs that publish financial reports, in 2019 a total of 10 OPZs have disclosed the Financial Position Report based on PSAK 109 with a percentage above 80% and 2 OPZs with disclosure levels of 67% and 72%. In 2020, there were 9 OPZs that disclosed the LPK with a percentage above 80%, 2 OPZs with a percentage of 72% and the remaining 1 with a percentage of 50%. Meanwhile, in 2021, a total of 9 OPZs disclosed LPK with a percentage above 80%, 2 of them with a percentage
of 72% and the remaining 1 with a percentage of 61%. This shows very high and moderate disclosure. The higher the disclosure, the more accountable. 10 OPZs that are consistent with high disclosure from year to year are; BAZNAS, Rumah Zakat, Dompet Dhuafa', Laznas Nurul Hayat, Baitulmaal Muamalat, Laznas Dewan Dakwah, Rumah Yatim, Daarul Qur’an Nusantara and Yatim Dhuafa'.

The average level of disclosure of the Financial Position Reports of the ten OPZs in 2019 was 87% with the highest disclosure value found in LAZ Yatim Dhuafa' at 100%. Furthermore, in 2020 it was 86% with the highest disclosure value at Rumah Yatim and Yatim Dhuafa' by 100%. While in 2021 it is 86% with the highest disclosure value found in Orphanage which is 100%. Orphanages have disclosed the complete Statement of Financial Position in accordance with PSAK 109, the lowest disclosure level value in 2019 was in the Indonesian Zakat Initiative at 67%, 2020 in the Indonesian Zakat Initiative and Panti Yatim Indonesia at 72%. This shows that there are still incomplete components in the presentation of the OPZ financial statements. Of the four components that must be disclosed in the statement of financial position, from 2019 to 2021 all OPZs present the asset component, the fund balance component and the sum of the asset side is equal to the sum of the liability side plus the fund balance. For the liability component in 2019 and 2020 all OPZs present it, while for 2021 only one OPZ does not present it, namely NU-Care Lazisnu.

For this liability component, in 2019 the average has classified long-term liabilities except Inisiatif Zakat Indonesia, Baitulmaal Muamalat and NU-Care Lazisnu. While the presentation of employee benefit obligations is only by BAZNAS, Rumah Zakat, Dompet Dhuafa', Rumah Yatim, Panti Yatim Indonesia and Yatim Dhuafa'. 2020 has also classified long-term liabilities except for Inisiatif Zakat Indonesia and Panti Yatim Indonesia. Employee benefit obligations in 2020 have been presented on average except for BAZNAS, LAZNAS Nurul Hayat, Baitulmaal Muamalat, NU-Care Lazisnu and Panti Yatim Indonesia. In 2021 only 3 OPZs did not present their long-term liabilities, namely; Inisiatif Zakat Indonesia, NU-Care Lazisnu and Panti Yatim Indonesia. Meanwhile, employee benefit obligations in 2021 only three OPZs did not present, namely; Laznas Nurul Hayat, NU-Care Lazisnu, and Panti Yatim Indonesia.

Furthermore, for the fund balance component in 2019, only two OPZs did not present the fund balance in the form of amil fund balance, namely Dompet Dhuafa' and Inisiatif Zakat Indonesia. While the fund balance component in the form of non-halal fund balance is disclosed by NU-Care Lazisnu and Yatim Dhuafa'. In 2020, there were two OPZs that did not present the fund balance in the form of amil fund balance, namely Inisiatif Zakat Indonesia and Baitulmaal Muamalat. While the fund balance component in the form of non-halal fund balance is disclosed by 3 OPZ namely; NU-Care Lazisnu, Rumah Yatim, and Yatim Dhuafa'. In 2021, only one OPZ did not present the fund balance in the form of amil fund balance, namely Inisiatif Zakat Indonesia. Meanwhile, the fund balance component in the form of non-halal fund balance was disclosed by only two OPZs, namely; Rumah Yatim and Yatim Dhuafa'. The lack of disclosure of these three components (long-term liabilities, employee benefit obligations and non-halal fund balances) is suspected to be due to the absence of long-term liabilities, the absence of employee benefit obligations and the absence of accounts in conventional banks. The presentation of the statement of financial position provides information about the entity's financial position at a particular time [16]. OPZ's financial position consists of assets, liabilities and fund balances. Because most OPZs are highly accountable regarding the disclosure of financial position reports, it shows that some OPZs are accountable.
b. Statement of Changes in Funds

The statement of changes in funds in accordance with PSAK 109, there are four components that must be presented, namely zakat funds, infaq / alms funds, amil funds and non-halal funds. Appendix 2 presents the level of disclosure of the report on changes in funds of the twelve zakat management organizations that have published their 2019-2021 financial statements. In 2019, there were three OPZs whose disclosure was above 70%. The three are NU-Care Lazisnu, Rumah Yatim and Yatim Dhuafa'. This shows that the two OPZs have high accountability in disclosing reports on changes in funds based on PSAK 109. While the other nine OPZs, consisting of BAZNAS, Rumah Zakat, Dompet Dhuafa', Laznas Nurul Hayat, Inisiatif Zakat Indonesia, Baitulmaal Muamalat, Laznas Dewan Dakwah, Daarul Qur'an Nusantara, and Panti Yatim Indonesia are still low in accountability because the level of disclosure of reports on changes in funds is less than equal to 70%. In 2020, all OPZs have disclosed reports on changes in funds above 70 percent. This shows that there is an increase in accountability from the previous year. Meanwhile, in 2021, only 2 OPZs disclosed reports on changes in funds below 70%, namely; Dompet Dhuafa' and Inisiatif Zakat Indonesia.

The component of receipt and distribution of zakat funds in 2019 is presented by eleven OPZs except Laznas Nurul Hayat. In 2020 and 2021, all OPZs disclose the components of receipt and distribution of zakat funds. The receipts and disbursements of infaq/edekah funds in 2019 were disclosed by ten OPZ except Laznas Nurul Hayat and Baitulmaal Muamalat. In 2020 and 2021 the receipts and disbursements of infaq/edekah funds were disclosed by all OPZ. The 2019 amil fund revenue component was presented by the following seven OPZs; BAZNAS, NU-Care Lazisnu, Laznas Dewan Dakwah, Rumah Yatim, Daarul Qur’an Nusantara, Panti Yatim Indonesia and Yatim Dhuafa'.

Meanwhile, in 2020 and 2021 all OPZs disclosed the revenue component of their amil funds. This shows a very high increase from 2019. The presentation of non-halal fund receipts and distribution in 2019 was only disclosed by three OPZs, namely; NU-Care Lazisnu, Rumah Yatim and Yatim Dhuafa'. In 2020 there were six OPZs that presented the receipt and distribution of non-halal funds, namely; Rumah Zakat, Indonesian Zakat Initiative, Baitulmaal Muamalat, NU-Care Lazisnu, Rumah Yatim and Yatim Dhuafa'. Furthermore, in 2021 there are five OPZs that present the receipt and distribution of non-halal funds, namely; Rumah Zakat, Baitulmaal Muamalat, NU-Care Lazisnu, Rumah Yatim and Yatim Dhuafa'. This indicates the decreasing use of conventional bank accounts in receiving funds by zakat management organizations in Indonesia.

c. Statement of Changes in Managed Assets

In the report on changes in assets under management, the components of infaq / alms funds - current managed assets and non-current managed assets are presented. Based on observations that have been made, it shows that in 2019 there are five OPZs that have high accountability in disclosing reports on changes in assets under management with a percentage of disclosure above 80%. The five are BAZNAS, Rumah Zakat, Dompet Dhuafa', NU-Care Lazisnu, and Rumah Yatim, three OPZs whose disclosure percentage is only 50%, namely; Inisiatif Zakat Indonesia, Daarul Qur’an Nusantara, and Panti Yatim Indonesia, four others do not disclose reports on changes in assets under management, namely; Laznas Nurul Hayat, Baitulmaal Muamalat, Laznas Dewan Dakwah and Yatim Dhuafa'.

In 2020, there were only four OPZs with high accountability in disclosing reports on changes in assets under management, namely above 80%, four OPZs that only disclosed 50%, namely; BAZNAS, Indonesian Zakat Initiative, NU-Care Lazisnu, and Daarul Qur’an Nusantara, one OPZ disclosed 43%, namely Panti Yatim Indonesia, the rest did not
disclose at all, namely; Laznas Nurul Hayat, Baitulmaal Muamalat, Laznas Dewan Dakwah and Yatim Dhuafa'. Meanwhile, in 2021 there was only one OPZ that disclosed the report on changes in managed assets above 80%, namely Baitulmaal Muamalat, five OPZs disclosed 50%, namely; BAZNAS, Rumah Zakat, Indonesian Zakat Initiative, NU-Care Lazisnu and Daarul Qur’an Nusantara, two OPZs disclosed 43%, namely Panti Yatim Indonesia and Yatim Dhuafa', the rest did not disclose at all, namely; Dompet Dhuafa', Laznas Nurul Hayat, Laznas Dewan Dakwah and Rumah Yatim. This shows that there are still many OPZs that are not accountable for not disclosing information on reports of changes in managed assets based on PSAK 109.

The component of infaq/alms funds - current managed assets in 2019 was disclosed by six OPZs, namely; BAZNAS, Rumah Zakat, Dompet Dhuafa', NU-Care Lazisnu, Rumah Yatim and Daarul Qur’an Nusantara. In 2020, only three OPZs disclosed the component of infaq/alms funds - current managed assets, namely; Rumah Zakat, Dompet Dhuafa' and Rumah Yatim. Meanwhile, in 2021 only one OPZ disclosed, namely Baitulmaal Muamalat. This shows that there is a decrease in the level of accountability of OPZ in disclosing the component of infaq / alms funds - current managed assets from 2019 to 2021 which should increase from year to year.

The component of infaq/alms funds-non-current managed assets in 2019 was disclosed by seven OPZs, namely; BAZNAS, Rumah Zakat, Dompet Dhuafa', Indonesia Zakat Initiative, NU-Care Lazisnu, Rumah Yatim, and Panti Yatim Indonesia. In 2020, there were eight OPZs that disclosed this component, namely; BAZNAS, Rumah Zakat, Dompet Dhuafa', Indonesia Zakat Initiative, NU-Care Lazisnu, Rumah Yatim, Daarul Qur’an Nusantara, and Panti Yatim Indonesia. Meanwhile, in 2021 there were also eight OPZs that disclosed the component of infaq/alms funds - non-current managed assets, namely; BAZNAS, Rumah Zakat, Indonesian Zakat Initiative, Baitumaal Muamalat, NU-Care Lazisnu, Daarul Qur’an Nusantara, Panti Yatim Indonesia, and Yatim Dhuafa’. One of the obligations of OPZ is to publish financial statements. [17]. This publication can be through mass media and cheaper through the website. [18], with the non-disclosure of the report on changes in assets under management by OPZ that already have website means that the OPZ is not yet accountable.

d. Cash Flow Statement

The cash flow statement provides information about management’s activities in managing cash. Through the statement of cash flows, users of financial statements evaluate management activities from 3 activities, namely; operating activities, investing activities and financing activities [19]. The average level of disclosure of the twelve OPZ cash flow reports in 2019 was 63%, the highest value was in Laznas Nurul Hayat worth 91%, while only one OPZ did not disclose its cash flow report, namely Baitulmaal Muamalat. Whereas in 2020 the average disclosure was 66%, the highest value was at Laznas Nurul Hayat worth 91%, all OPZs disclosed their cash flow reports. Furthermore, in 2021 the average disclosure was 61%, the highest value was found in Rumah Zakat and NU-Care Lazisnu each worth 73%, the only OPZ that did not disclose the cash flow statement was Rumah Yatim. When viewed from the overall percentage of disclosure, it can be said that the average OPZ is accountable in disclosing its cash flow statement.

e. Notes to the Financial Statements

There are 35 OPZs or amil zakat institutions in Indonesia that can be tax deductible, according to the Regulation of the Director General of Taxes No. PER-15/PJ/2012. Based on the previous description of the 35 OPZs, only 12 OPZs disclose financial information through the website. However, of the twelve OPZs, only one OPZ disclosed information
on Notes to Financial Statements in 2019 and 2020, namely NU-Care Lazisnu. While in 2021, there are two OPZs that disclose information on Notes to Financial Statements, namely Baitulmaa Muamalat and NU-Care Lazisnu.

f. Overall Level of Financial Reporting Accountability

<table>
<thead>
<tr>
<th>No</th>
<th>OPZ Name</th>
<th>Total Score</th>
<th>Expected Score</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BAZNAS</td>
<td>71</td>
<td>94</td>
<td>76%</td>
</tr>
<tr>
<td>2</td>
<td>Zakat House</td>
<td>77</td>
<td>94</td>
<td>82%</td>
</tr>
<tr>
<td>3</td>
<td>Dompet Dhuafa’</td>
<td>58</td>
<td>94</td>
<td>62%</td>
</tr>
<tr>
<td>4</td>
<td>Laznas Nurul Hayat</td>
<td>58</td>
<td>94</td>
<td>62%</td>
</tr>
<tr>
<td>5</td>
<td>Indonesia Zakat Initiative</td>
<td>60</td>
<td>94</td>
<td>64%</td>
</tr>
<tr>
<td>6</td>
<td>Baitulmaa Muamalat</td>
<td>79</td>
<td>94</td>
<td>84%</td>
</tr>
<tr>
<td>7</td>
<td>NU-Care Lazisnu</td>
<td>68</td>
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<td>72%</td>
</tr>
<tr>
<td>8</td>
<td>Laznas Dewan Dakwah</td>
<td>59</td>
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<td>63%</td>
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<td>9</td>
<td>Rumah Yatim</td>
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<td>57%</td>
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<td>10</td>
<td>Daarul Qur’an Nusantara</td>
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<td>Indonesian Orphanage</td>
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<td>Yatim Dhuafa’</td>
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<tr>
<td></td>
<td>Average</td>
<td>70</td>
<td></td>
<td>70%</td>
</tr>
</tbody>
</table>

1. OPZ Transparency Level

Based on observations made by researchers, of the twelve OPZs that have checked their websites, it shows that on average, OPZs are quite transparent because the percentage of transparency is above 50%, but there is one OPZ that is still below 50% of the percentage of transparency, namely Laznas Dewan Dakwah which is only 44%.

In this study, it was found that all twelve OPZs had published financial reports on their respective websites, but none of them reported or published to the website in a timely manner. Where the timeliness of this reporting is seen from the Bapepam Regulation which was later refined by the decision of the chairman of Bapepam Number KEP-346/BL/2011 dated July 5, 2011 concerning the submission of periodic financial reports of issuers or public companies. Periodic financial statements are annual financial statements and semi-annual financial statements of issuers or public companies. The deadline for submitting annual financial statements is the end of the third month after the date of the semi-annual financial statements. Meanwhile, when viewed from the timing of the OPZ independent auditor’s report, no one has done financial reporting in a timely manner.

Furthermore, the independent auditor’s opinion is also included in all OPZ financial reports. Meanwhile, for Standard Operating Procedures (SOP) and ISO standards, only six OPZs publish them on their websites, namely; BAZNAS, Indonesian Zakat House, Dompet Dhuafa’, NU-Care Lazisnu, Rumah Yatim, and Indonesian Orphanage. The twelve OPZs, only BAZNAS publishes annual strategic plans and budget work plans. Meanwhile company profile, The Information and Documentation Portal (PID) and complaint channel system are already owned by all OPZs on their websites. Indicators of collection activities (real-time) There is only one OPZ that does not publish, namely Dompet Dhuafa’. In contrast to distribution activities (real-time) which on average have been published by all OPZ in the website.

Then the average OPZ also has database individual muzakki except Laznas Dewan Dakwah and Darul Qur’an Nusantara. While database muzakki agency is only owned by five OPZs, namely; BAZNAS, Rumah Zakat Indonesia, Dompet Dhuafa’, Rumah Yatim, and Panti Yatim Indonesia, database None of the mustahik data is available on the websites of the twelve OPZs. Furthermore, for the indicator of the existence of collection and
distribution data itself, only one OPZ did not publish from the twelve OPZs studied, namely Laznas Dewan Dakwah. OPZ with the highest level of transparency is BAZNAS with a percentage of 83%. Meanwhile, the OPZ with the lowest level of transparency is Laznas Dewan Dakwah with a percentage of 44%.

3.2 Discussion

3.2.1 OPZ Accountability

According to PSAK 109, there are five components that must be disclosed. The five components of financial statements are the balance sheet (statement of financial position), statement of changes in funds, statement of changes in managed assets, cash flow statement, and notes to the financial statements. Based on the researcher's observations, the overall level of financial reporting disclosure by zakat management organizations (OPZs) for the year 2019 showed that 2 OPZs were not accountable, as indicated by a disclosure rate below 50%. These two OPZs were Laznas Nurul Hayat and Baitulmaal Muamalat. The OPZ with the highest level of financial information disclosure was Rumah Yatim, with a percentage of 90%. Rumah Yatim was overall accountable by disclosing financial information on its website and complying with PSAK 109, but it had not yet disclosed information in the Notes to the Financial Statements. As an OPZ, Rumah Yatim has maximized performance by operating transparently and setting a good example for other OPZs. On the other hand, the lowest disclosure percentage was found in Baitulmaal Muamalat with a value of 24%, indicating inadequate financial information disclosure by Baitulmaal Muamalat overall. The average disclosure rate for all twelve OPZs was 64%. Furthermore, in 2020, the average accountability of all OPZs improved, with all OPZs showing a disclosure rate above 50%, averaging at 74%. Similarly, in 2021, the average accountability of all OPZs was 70%. These findings suggest that from 2019 to 2021, OPZs have been sufficiently accountable in disclosing their financial statements.

According to the researcher, overall implementation of financial reporting accountability is good for the twelve OPZs that published financial statements for three consecutive years [20]. However, for other OPZs, the situation is far from good, especially considering more than half of the Laznas did not publish financial statements from 2019 to 2021 on their websites. This differs from the research conducted by Nie et al. [21], which showed low levels of financial reporting disclosure among seven OPZs studied based on PSAK 109, with an average disclosure rate of 43.4%, compared to the average implementation of financial reporting accountability by OPZs from 2019 to 2021, which was >70%. This indicates an improvement in financial reporting accountability over the years. This study's results are consistent with those of Leni and Zunaidi [22], which showed accountability of nine private OPZs, with five OPZs having an average disclosure above 60% and the rest below 50%. However, this study only examined financial statements for the year 2019. Similarly, research by Ahmad et al. [23] showed that BAZ and Kota Yogyakarta were accountable in their financial reporting, whereas LAZISMU Kota Yogyakarta was not. Considering the significant number of OPZs that do not publish financial statements on their websites, policymakers should enforce regulations more strictly to ensure other OPZs follow the example of nationally recognized OPZs in financial reporting accountability. To improve OPZ accountability, the government should establish regulations requiring OPZs to submit annual reports to Baznas.

Performance measurement is an essential aspect of OPZ annual reporting, with five factors in OPZ performance measurement: financial perspective, mustahik satisfaction, management effectiveness, stakeholder engagement, and benchmarking [24]. According to the Indonesia Magnificence of Zakat (IMZ), seven aspects should be disclosed to measure OPZ performance: 1) Institutional, 2) Human Resources, 3) Management
Systems, 4) Facilities and Infrastructure, 5) Collection of zakat, infaq, sedekah, and other funds, 6) Utilization, and 7) Mentoring and program evaluation [25]. Legal regulations will increase the accountability of non-profit organizations and enhance their role in serving the community. A national survey conducted by the State Islamic University of Jakarta shows that 97% of the public wants LAZ to work accountably and transparently, with 90% demanding financial reports be published in the mass media.

All stakeholders involved in zakat management should continuously improve accountability through financial reporting disclosure [25]. Accountability affects donor behavior, and financial disclosure by non-profit organizations can increase funding, thereby promoting wealth distribution and reducing poverty [26]. Moreover, non-financial disclosure, if supported, will further demonstrate OPZ accountability, potentially increasing zakat, infaq, sedekah, and other social fund receipts. According to Nazah and Amri [2], accountability is an application of agency theory, which refers to trustees, in this case, OPZs (agents), being accountable, presenting, reporting, and disclosing all actions and responsibilities to principals or beneficiaries (mustahik) entitled to demand accountability. According to the principle of accountability, OPZs must provide reasonable and transparent accountability for their performance.

3.2.2 OPZ Transparency

The implementation of transparency on the websites of the twelve OPZs is deemed good, as seen from the percentage of disclosure or completeness of indicators set by BAZNAS’s PUSKAS using the ITRANZ measurement. This result is consistent with the research conducted by Ahmad et al. [23], which showed that BAZNAS Kota Yogyakarta managed ZIS funds well during the Covid-19 pandemic. However, it differs from the research conducted by Latief and Sandimula [27], which stated that the average level of website transparency implementation by OPZs in Indonesia is still low. Research by Suhairi et al. [3] also found that the implementation of OPZ transparency through websites is still low, with an average of 43%. The research findings prove that the publication of financial statements through websites and mass media by the twelve OPZs is well implemented. Both indicators have been well applied by all twelve OPZs, as none of them failed to publish these indicators. However, none of the OPZs published financial statements on time based on the criteria provided. On average, OPZs published financial statements on their websites more than six months after the criteria for timeliness. This was observed from the date of issuance of the auditor’s opinion on each OPZ’s financial statements. Regarding the indicator of independent auditor opinion, all OPZs already have it. However, not all OPZs have Standard Operating Procedures (SOP) and ISO standards. The OPZs that do not have SOP and ISO are Laznas Nurul Hayat, Inisiatif Zakat Indonesia, Baitulmaal Muamalat, Laznas Dewan Dakwah, Daarul Qur’an Nusantara, Panti Yatim Indonesia, and Yatim Dhuafa’.

On the other hand, only one OPZ published its annual strategic plan and annual budget work plan, which is BAZNAS. The other eleven OPZs have not published them at all. This situation might occur because OPZs keep their annual strategic and budget work plans confidential. Both of these should be made public for OPZ transparency so that muzakki or potential muzakki can see the broader plans of the OPZs. This information can also be a consideration for muzakki to channel their zakat through which OPZ. Additionally, regarding organizational structure (management profile, member profile, and employee system), all OPZs have fulfilled this indicator. All OPZs transparently publish management profiles, member profiles, and employee systems, and even the vision and mission of the OPZs are published.
Furthermore, in terms of information and documentation portals, one indicator is observed, which is the availability of public information and documentation portals (PID). The researcher assesses this indicator based on the availability of each OPZ’s website as a public information and documentation portal (PID). Therefore, all twelve OPZs are considered to have fulfilled this indicator. As for transparency of complaint channels, there is one indicator observed, which is the presence of a complaint channel system. The researcher assesses that all OPZs already have a complaint channel system, as all OPZs list admin contacts such as telephone numbers, WhatsApp, and other social media.

Regarding fundraising (real-time) and distribution (real-time) activities, only one OPZ did not publish its fundraising (real-time) activities, namely Dompet Dhuafa. This can be an evaluation for Dompet Dhuafa to add this publication to its website. In contrast, all OPZs have published their distribution (real-time) activities on their respective websites. This is observed from the documentation of distribution activities published on the OPZ websites, including explanations of the activity names, dates, objectives, and locations.

The research findings also show that out of the twelve OPZs observed, only two do not have individual muzakki databases, namely Laznas Dewan Dakwah and Daarul Qur’an Nusantara. As for organizational muzakki databases, only five OPZs have them, namely BAZNAS, Rumah Zakat Indonesia, DD, Rumah Yatim, and PYI. Furthermore, none of the OPZs have muzakki mustahik databases. This should be evaluated by OPZs to complete the indicators that have not been met on their websites. This is essential to enhance muzakki trust in the OPZs. Additionally, from the twelve OPZs studied, BAZNAS has the highest transparency at 88%, while Laznas Dewan Dakwah has the lowest transparency at 44%. Overall, the average transparency is quite good at 66%. Based on observations made on each OPZ’s website, although some transparency implementation indicators have been well applied, researchers found that many OPZ websites still lack attractiveness. This aspect should also be considered to improve the branding of OPZs in the eyes of muzakki. Moreover, according to the researcher, more user-friendly features are needed to allow muzakki to interact with mustahik through each OPZ’s website, thereby enhancing muzakki comfort and trust in donating zakat through OPZs.

The implementation of transparency on OPZ websites is also an application of agency theory [25]. Agency problems arise when principals face difficulties in ensuring that agents act to maximize the principal’s welfare. According to agency theory, one way to align the goals of agents and principals is by using reporting procedures. Providing information (transparency) is one way to reduce uncertainty [24].

4. Conclusion

According to observations of 35 OPZs, including BAZNAS and LAZNAS, only 12 OPZs consistently published financial reports for the years 2019 to 2021. This indicates that the majority of OPZs have not fully utilized the internet to provide financial statement information to the public or muzakki. As per the checklist, the implementation of accountability and transparency of Indonesian OPZs, characterized as "good," entails several criteria. Firstly, all twelve OPZs have published their financial reports from 2019 to 2021 on their websites, with the components of the financial statements presented with completeness above 50% on average. Secondly, these OPZs have also published information in accordance with the ITRANZ index, with a completeness percentage of more than 50%. In light of these findings, the study suggests several recommendations.

Firstly, OPZs should enhance their use of websites to disclose financial statement information, aiming to boost transparency and accountability to increase public trust and thereby potentially raise zakat, infaq, and alms contributions. Secondly, institutions such
as the Indonesian Institute of Accountants (IAI), the National Sharia Council of the Indonesian Ulema Council (DSN MUI), and the Zakat Forum (FoZ) are urged to formulate regulations requiring Zakat Management Organizations to be more transparent, including the obligation to disclose financial reports through internet media. Lastly, the government, through the inspectorate general of the Ministry of Religious Affairs, is encouraged to conduct inspections and supervision of OPZ accountability and provide rewards and sanctions to ensure compliance with rules related to OPZ accountability.

5. Declaration

Author contributions and responsibilities - The authors made major contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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Availability of data and materials - All data is available from the author.

Competing interests - The authors declare no competing interests.

Did you use generative AI to write this manuscript? - I do not use AI assistance in my manuscript.

Declaration of generative AI and AI-assisted technologies in the writing process - During the preparation of this work the author did not use AI to write, edit, or other things related to the manuscript.

6. References


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### Apendix 1. OPZ Transparency Components

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**Information:**
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- DD: Dompet Dhuafa’
- LNH: Laznas Nurul Hayat
- IZI: Inisiatif Zakat Indonesia
- BM: Baitulmaal Muamalat
- NU: NU-Care Lazisnu
- LDD: Laznas Dewan Dakwah
- RY: Rumah Yatim
- DQN: Daarul Qur’an Nusantara
- PYI: Panti Yatim Indonesia
- YD: Yatim Dhuafa’