

The Implementation of PSAK 109 on Infaq / Shadaqah Funds in Zakat Institutions

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ABSTRACT

This study aims to determine the application of infaq and alms accounting based on PSAK 109 which focuses on the presentation of financial reports on DMC organs as a network of Dompot Dhuafa amil zakat institutions in the field of disasters which mostly manages infak/sedekah funds in its operations. This research is a qualitative study of critical discourse analysis, which is a method by collecting, preparing, and analyzing data in the form of organizational financial reports so that later it can provide a clear picture of the application of infak and sedekah accounting based on PSAK 109 in the DMC organ. The data processing method uses interviews with related documents and is accompanied by one of the validity of the data, namely triangulation. The results showed errors in understanding and applying the recording method will affect the decision making strategy and goal orientation of the non-profit organization. The role of the leader is the key to success in disseminating it, as well as setting it in the form of an Operating Procedure System.

Keywords: Accounting, Infak, Sedekah, PSAK 109.

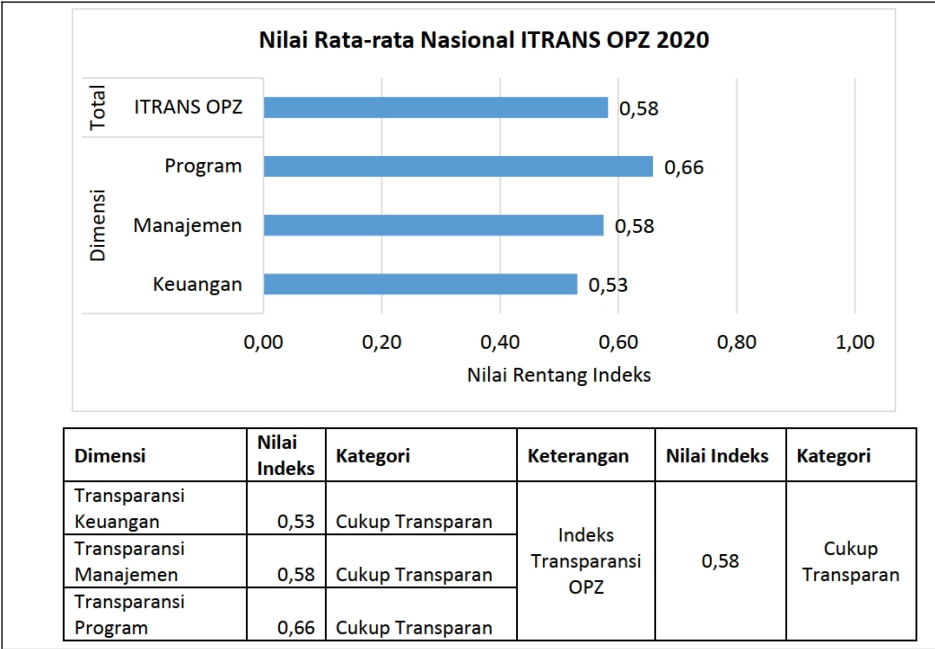
INTRODUCTION

Background

In today's developments, the management of zakat, infaq and shadaqoh has significantly progressed. In Indonesia, the manager of zakat, infaq, shadaqah (ZIS) funds is regulated in Law No. 23 of 2011. This law regulates the Zakat Management Organization (OPZ) that may operate in Indonesia, namely the Amil Zakat Agency (BAZ) and the Amil Zakat Institute (LAZ). According to Fathonah (2013), zakat management organizations that have the task of managing zakat need financial reports to facilitate their performance. Financial reports are used as a form of

transparency in their management and also as a form of accountability to donors or other users of financial reports. For this reason, financial reports are needed as a medium between managers and the community. In order to produce quality financial reports, zakat management organizations are required to have a good accounting system.

The transparency aspect in zakat management is very crucial because OPZ is an institution that manages zakat, infaq and alms funds from the general public, so that its management requires very good transparency practices in order to gain the trust of the wider community and do not have a systemic impact (Hakim et al. 2019).



Source : Puskasbaznas, 2020

Figure 1. National OPZ Average Value Transparency Index

The three dimensions of the OPZ transparency indexl as measured by the Puskas Baznas, the dimension with the lowest average score is the transparency financial dimension with a value of 0.53 and is the less transparent category. Based on the research that has been done, there are still many OPZs that do not routinely publish financial reports to the public, besides that some OPZs also do not have external audit results. This of course needs to be considered because financial transparency is crucial in building public trust in an OPZ

The distribution system that is efficient and effective and professional will be able to help people escape poverty. In addition, the financial

statements produced by zakat management institutions are a form of accountability. This has been regulated in PSAK No. 109 regarding the recognition, measurement, presentation and disclosure of zakat, infaq and shadaqah transactions. The focus of the researchers to conduct a study on the implementation of infaq/shadaqah accounting according to PSAK No. 109 with the infaq/shadaqah accounting which is implemented in the amil zakat institution.

According to the statement of financial accounting standards PSAK 109 paragraph (07) Infaq/shadaqah is a voluntary donation, whether the allocation is determined or not by the donors. The author takes the theme of the implementation of infaq/shadaqah accounting according to PSAK No. 109 with the accounting for infaq/shadaqah that is implemented in amil zakat institutions.

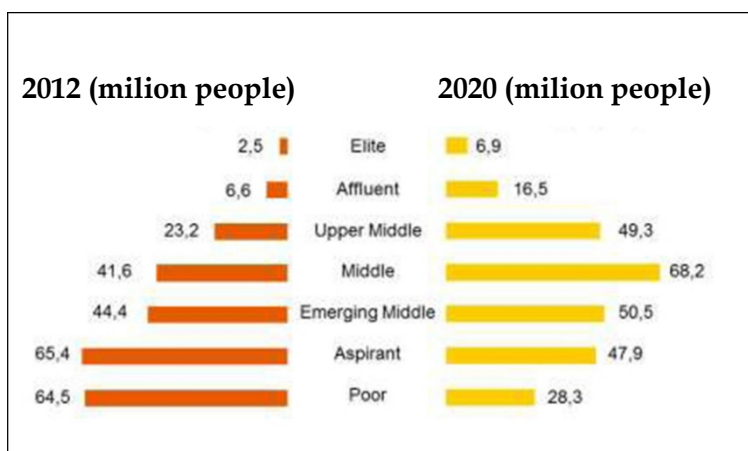
Objective

The author discusses Disaster Management Center (DMC) organs in the field of disaster as one of the distribution of community programs in Dompet Dhuafa. The author's focus is the implementation of PSAK 109 on recording financial statements of infaq and shadaqah funds in the Disaster Management Center (DMC) organ in the financial reporting period 2019 - 2020.

LITERATURE REVIEW

Zakat Management Entity

Based on Law no. 23 of 2011 the objectives of zakat management are to increase the effectiveness and efficiency of services in managing zakat; Increase the benefits of zakat to create social welfare and poverty alleviation. Zakat management organizations in Indonesia according to article 1 points 7-9 consist of BAZNAS (Badan Amil Zakat), UPZ BASNAZ and LAZ (Lembaga Amil Zakat). The amil zakat institution was formed in an effort to help collect, distribute and utilize zakat more widely so that the poor / mustahik can change their status to muzaki (mustahik move to muzaki) through various creative economic empowerment, education and health programs. The number of poor / mustahik people in Indonesia according to the Indonesian Ministry of Finance was recorded at 28.3 million in 2020, a decrease compared to 2012 which reached 64.5 million



Source : Boston Consulting Group and Ministry of Finance RI, 2020

Figure 2. The number of poor in Indonesia

Some of the advantages of tithing through amil zakat institutions that have formal legal force (Hafidhuddin D, 2007):

1. To ensure certainty and discipline of zakat payers.
2. To keep the mustahik zakat feeling inferior when they come face to face to receive zakat from the muzaki.
3. To achieve efficiency and effectiveness, as well as the right target in the use of zakat assets according to a priority scale that is in a place.
4. To show the syiar of Islam in the spirit of Islamic governance.

Although legally there are those who allow it.

The amil zakat institutions registered in the Directorate General of Islamic Community Guidance at the Ministry of Religion currently total 534 institutions.

Financial Statements of Amil Zakat Institution

Professional zakat management is reflected in the recording of financial transactions, which at least fulfills four basic principles, namely trustworthiness, fairness, transparency and accountability. The management of zakat, infaq and shadaqah funds carried out by amil zakat institutions must of course be accountable to the public. Standardization of financial reporting is something that must be fulfilled and is binding on all amil zakat institutions and is used to reveal the transparency of the use and management of zakat, infaq and shadaqah funds to foster confidence in muzaki to pay zakat in addition to

increasing motivation in fulfilling their obligations. The said standard serves to provide a reference and guidance in preparing financial reports.

In Indonesia, the accounting principles used are Statement of Financial Accounting Standards (PSAK) consisting of four standards, namely Financial Accounting Standards (SAK), Entity Financial Accounting Standards without Public Accountability (SAK ETAP), Islamic Financial Accounting Standards (SAK Syariah) and Government Accounting Standards. (SAP) (Dwi Martani: 2012). For the management of zakat, infaq and shadaqah, the guidelines are PSAK 109, which contains definitions, recognition and measurement, presentation, and disclosure of matters related to distribution policies to the operationalization of zakat and infaq/shadaqah.

Cash Basis Method

Cash basis is the process of recording accounting transactions in which transactions are recorded when cash is received or when cash is issued. On a cash basis, revenue is recorded when cash is received, while expenses are recorded when cash is disbursed. For example, in this cash basis method, revenue has not been recorded even though the goods or services have been provided to the customer. New revenue will be recorded when the buyer or customer pays the buyer an amount of money or cash.

Meanwhile, accrual basis is the process of recording accounting transactions in which transactions are recorded when they occur, even though cash has not been received or issued. On an accrual basis, revenue is recorded when the cash is made even though the cash has not been received, while expenses are recorded when the expense is used or used, even though the cash has not been paid. Therefore, under the accrual basis method, revenue is recorded when the sale is made, even though the cash has not been received. Unlike the humanitarian social organizations that are non-profit oriented such as the amil zakat institution, which has been regulated in PSAK 109 paragraph (08) Zakat and infaq/shadaqah received by amil must be managed in accordance with the principles of sharia and good governance and paragraph (09) Receipt of zakat is recognized when cash or other assets are received.

Previous Studies

Research on the implementation of PSAK No.109 Financial Reporting on Zakat, Infaq/Sadaqah Accounting was conducted by Legler and Gatt (2017) and Indrawati (2016). Ledgler and Gatt (2017) found that the implementation of the Yogyakarta City BAZNAS reporting in writing financial statements was still not fully in accordance with PSAK 109, because the Yogyakarta City BAZNAS partially still refers to the financial reporting PSAK 45. Meanwhile, Indrawati (2016) the results of their research show that BAZNAS East Java Province has implemented ZIS fund management in accordance with Law no. 23 of 2011 article 21 to article 28 and article 31, however, has not yet fully implemented article 29. BAZNAS East Java Province has also implemented PP No. 14 of 2014 article 71 to article 76 in support of article 29 of Law no. 23 of 2011. It's just that articles 71 and 75 have not been perfectly implemented, it can be seen that the East Java Province BAZNAS has not submitted regular accountability reports every 6 months and at the end of the year and has not carried out an audit of financial reports by a public accountant. Not only that, some of the accounting policies of BAZNAS in East Java Province are in accordance with PSAK 109 although there are still some that are not yet in accordance both in terms of recognition and measurement as well as presentation and disclosure. This is due to the ineffectiveness of financial management in BAZNAS East Java Province as well as limited accounting human resources.

METHODOLOGY

Data

The author collects, prepares, and analyze data in the form of organ financial reports and supporting document evidence so that later it can provide a clear picture of the application of infaq and shadaqah fund accounting based on PSAK 109 on DMC organs. This research uses triangulation techniques to test the validity of the data, meaning that checking the validity or validity of the data is done by using different data collection techniques to obtain data from the same source. The author uses participatory observation, in-depth interviews, and documentation for the same data source simultaneously.

Method

This research is a qualitative research with a critical discourse analysis approach. Critical discourse analysis views language as an important factor. The important characteristics of critical discourse are presented by Teun A. Van Dijk, Fairclough, and Wodak (in Eriyanto. 2009: 8-13) which are action, context, history, power, and ideology. To describe The results of the research uses an interactive analysis model from Miles & Huberman (1992). They revealed that the activities in qualitative data analysis were carried out in an interactive way and continued until it was completed, so that the data was saturated. In the data analysis model, it consists of Data Reduction, Data Display, and Conclusion Drawing.

RESULTS AND ANALYSIS

Results

The organizational structure of the DMC organ is divided into four work units which include Response & Recovery, Disaster Risk Reduction, International Relief and Finance & Operations, the activities include the response phase, emergency response to the recovery process, so it is required to move responsively, precisely and effectively. In this case, a network coordination system is needed through volunteer communities spread throughout Indonesia, especially in areas prone to natural disasters, including establishing communication and coordination with central and regional government agencies as well as international NGO organizations.

The Accounting Process of the Amil Institution

1. Separation of Zakat Funds, Infaq/Sadaqah and Non-Halal Funds

PSAK 109 Paragraph (34) Amil presents zakat funds, infaq/shadaqah funds, amil funds, and non-halal funds separately in the balance sheet (statement of financial position). The DMC organ has implemented the provisions of PSAK 109 by separating zakat, infaq/shadaqah and non-halal funds in the presentation of financial statements referring to the central financial policy of Dompot Dhuafa that mentions recording of Fund Receipts "*Public fund receipts are recorded in accordance with the type of source of funds and / or the contract of receipt / allocation (in the type of fund*

pooling of funds)". To anticipate the mixing of the respective funds, Dompot Dhuafa as a central of collecting DMC organ funds has a special account between zakat, infaq/shadaqah, and social humanity (solkem) funds. This separation is a necessity for amil zakat institutions because according to each source of funds, they have different rules, uses and purposes. Zakat funds are only for eight asnaf as mentioned in the Al-Quran QS. At-Taubah verse 60, meanwhile infaq/shadaqah and solkem are more flexible in their allocation as long as they do not contradict the law and fairness limits.

2. Fund Management (Initial recognition of infaq/shadaqah funds)

Paragraph PSAK 109 (18) Infaq/sadaqah received is recognized as bound or unbound infaq/shadaqah funds in accordance with the objectives of the donors in the amount of: (a) the amount received, if in cash; (b) fair value, if in non-cash form.

PSAK 109 pragraf (20) Infaq/sadaqah received is recognized as amil funds for amil's portion and infaq/shadaqah funds for portions of infaq/shadaqah recipients.

PSAK 109 pragraf (21) Determination of the amount or percentage of the portion for recipients of infaq/shadaqah is determined by amil in accordance with sharia principles and amil's policy.

MUI Fatwa No.8 of 2011 concerning Amil Zakat Paragraph 5: In the event that operational costs are not financed by the government or provided by the government but are insufficient, the operational costs of zakat management which are amil's duties are taken from zakat funds which are part of amil or from the fisabilillah part of fairness limit, or taken from funds other than zakat.

Determination of the amount and percentage of amil funds for amil's share of solkem funds, infaq/shadaqah funds (restricted and unrestricted) is generally charged at 10% that has been informed and with the approval of the infaq restricted funds donors. As a form of accountability the use of funds, the DMC organ always produces a program implementation report, at least including data on the amount of funds channeled, the spot of distribution, and the number of beneficiaries, unless there is a request for additional data on infaq restricted funds, it will adjust to the donor's request.

Regarding the cost of collecting and distributing amil zakat institutions, there is a difference between PSAK 109 and the MUI fatwa No. 8 above, where in PSAK 109 it explicitly requires the cost of collecting and channeling funds to be taken from Amil's portion. Meanwhile, MUI fatwa number 8 of 2011 concerning Amil Zakat dated March 3, 2011 (published after the issuance date of this PSAK) states that activities to build awareness of zakat - such as advertising can be financed from zakat funds which are part of Amil or Fi-Sabilillah within reasonable proportional limits and comply with the rule of sharia. The biggest cost in amil zakat institutions in general is to build public awareness for zakat, infaq and shadaqah (Megawati, 2014).

PSAK 109 Paragraph (28) Infaq/shadaqah funds before being distributed can be managed in a temporary period to obtain optimal results. Proceeds from management funds are recognized as an addition to infaq/shadaqah funds.

PSAK 109 Paragraph (09) Zakat funding is recognized when cash or other assets are received.

Recognition of funding in accordance with paragraph (09) of PSAK 109 indicates that the method of recording amil zakat institutions is cash basis, income is recorded at the time of receipt of cash, while expenses are recorded at the time of issuing cash. In practice, several cases of the implementation of the infaq restricted project by the DMC organ recognize the revenue obtained from the efficiency of project implementation through the use of unfinished project budgets, as well as separate recording details of project use off balance sheet. This of course is not comply with the principle of cash basis where income should be recognized after cash is received and project implementation is complete, the difference in the efficiency of project implementation can be recognized as revenue Apart from that, such practices certainly violate aspects of sharia and create a high potential reputation risk if the project with the agreed budget cannot be realized due to the use of the budget for other interests outside the project.

Receipt of Current Assets and Non-Current Assets

Paragraph PSAK 109 (23) Non-current assets received by amil and entrusted to be managed are valued at fair value when received and

recognized as non-current assets infaq/shadaqah. Depreciation of these assets is treated as a deduction from bound infaq/shadaqah funds if the use or management of the assets has been determined by the donor.

Paragraph PSAK 109 (24) *Amil can also receive non-cash assets that are intended by the donor for immediate distribution. Such assets are recognized as current assets. These assets can be in the form of consumables, such as foodstuffs; or assets with a long economic life, such as an ambulance.*

Movable fixed assets in the form of vehicles in the DMC organ consisting of 10 cars, including 7 cars entrusted to the Dompot Dhuafa head office, 1 car to purchase DMC organs, and 2 ambulance units entrusted by the Indonesian Doctors Association (IDI) and 3 motorbikes, consisting of 1 motorcycle from other organs, 1 motorbike from the head office, and 1 motorbike for the purchase of DMC. All current and non-current assets recorded in DMC's financial statements are only assets resulting from the purchase of DMC's organs at the cost at the time the assets were purchased.

Impairment of Infaq/shadaqah Asset Value

Paragraph PSAK 109 (26) *Impairment of non-current infaq/shadaqah assets is recognized as: (a) deduction of infa / shadaqah funds, if it occurs not due to amil's negligence; (b) loss and deduction of amil funds, if caused by amil's negligence.*

The recording of DMC's financial statements is in accordance with PSAK 109. All current and non-current assets recorded in DMC's financial statements have been calculated monthly depreciation according to the economic value of the types of assets. Meanwhile, the calculation of the depreciation value of the entrusted assets by both head office and LPM organs is recording by them.

Distribution of Infaq/Shadaqah Funds

Paragraph PSAK 109 (29) *Distribution of infaq/shadaqah funds is recognized as a deduction from infaq/shadaqah funds in the amount of: (a) the amount delivered, if in cash; (b) the carrying amount of the asset given up, if it is a non-cash asset.*

Paragraph PSAK 109 (31) *The distribution of infaq / sadaqah to the final recipient in the revolving fund scheme is recorded as revolving infaq/shadaqah receivables and does not reduce infaq/shadaqah funds.*

The submission of the RKAT for the DMC organ contains details of the annual work program budget that will be carried out both the regular operational cost budget and the program budget to be distributed. Operational regular funds and distribution programs that have been approved by the central financial division are submitted on a monthly basis. The central finance division verifies the transaction evidence and program committee approval documents. Payments are made based on the amount and proof of a verified transaction. In the event that the program is implemented in stages, payments are made by central finance according to the RAB by attaching reports and documentation of program completion progress.

The types of programs carried out by the DMC organs include Response and Rescue, including Call Centers, First Responders, Disaster Response Program; Partnership Cooperation Program, Volunteerism Program; Post-Disaster Recovery Program; Disaster Risk Reduction Programs. If there are infaq/shadaqah and solkem funds that have not been disbursed, it will be managed through bank investment placements with low risk considerations in the form of short-term deposits to make it easier if sudden disbursements are needed. All managed funds are not recorded as additional amil funds, but instead returned to the source of funds so that the principal of infaq/shadaqah and solkem funds increases, the DMC Organ has implemented the PSAK 109 regarding the use of funds according to the financial policy of Dompot Dhuafa.

Presentation of Financial Statements

The amil zakat institution must present clear, complete and accurate information about economic events that affect the financial position of the zakat institution. The presentation specifies the ways of reporting elements or items in a set of financial statements for that element or the post is quite informative (Suwardjono, 2008: 134). The presentation of the financial statements made by the DMC organ that is :

1. Statement of Financial Position (Balance Sheet)

The statement of financial position (balance sheet) has been prepared by the DMC organ and reported to the central financial division on a regular basis (monthly) in accordance with PSAK 109 where there are groupings of accounts according to assets (current assets and non-current assets), liabilities and equity as well as fund balances. The notes in the 2020 financial position report are that there are still high cash advances for activities and employee loan debt at the leadership level.

Table 1. Balance Sheet

DISASTER MANAGEMENT CENTER STATEMENTS OF FINANCIAL POSITION Period : xx/xx/xxxx	
ASSETS	
Current Assets	
Cash and cash equivalents	xxx
Receivables	xxx
Advance payments	xxx
Prepaid expenses	xxx
Inventories	xxx
Valuable goods	xxx
Non-Current Assets	
Revolving fund	xxx
Investments	xxx
Fixed assets - net	xxx
Fixed assets under management – net	xxx
Total non-current assets	xxx
TOTAL ASSETS	xxx
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Current Liabilities	xxx
Payables - third parties	xxx
Accrued expenses	xxx
Taxes payable	xxx
Current accounts payable	xxx
Total current liabilities	xxx
Non-Current Liabilities	xxx
Post-employment benefits liabilities	xxx
Total non-current	xxx
TOTAL LIABILITIES	xxx
FUND BALANCES	xxx
Solidarity for humanity	xxx
Infaq restricted	xxx
Unrestricted support Infaq	xxx
Operational	xxx
Total Fund Balances	xxx
TOTAL LIABILITIES AND FUND BALANCES	xxx
INCOMING RESOURCES	
Direct public support	
Infaq/Shadaqah	xxx
Infaq/Shadaqah Restricted	xxx
Solidarity for humanity	xxx
Total Direct public support	xxx
Income from - profit sharing	xxx

Other income	xxx
TOTAL INCOMING RESOURCES	xxx
RESOURCES EXPENDED	
Program services	xxx
Public society program	xxx
Humanity program	xxx
Total program services	xxx
Socialization of ziswaf	xxx
Operational office	xxx
TOTAL RESOURCES EXPENDED	xxx
Surplus (Defisit)	xxx
BEGINNING FUND BALANCE	xxx
ENDING FUND BALANCE	xxx

Source : Financial Statement DMC organ, 2020

2. Statements Of Changes In Funds

Reports on changes in funds have been made by the DMC organ and reported to the central financial division on a routine basis (monthly) in accordance with the PSAK 109 format where there are groupings based on types of sources of zakat, infaq/shadaqah and social humanity (solkem) funds where each group of sources of funds presents the incoming of funds society and its distribution.

Table 2. Statements of Changes in Funds

DISASTER MANAGEMENT CENTER STATEMENTS OF CHANGES IN FUNDS Period : xx/xx/xxxx	
INFAK/SHADAQAH FUND	
Receiving Resources	
Receiving infaq fund	xxx
Profit sharing of infaq fund placement	xxx
Other income	xxx
Total Receiving Resources	xxx
Resources Expended	
Public society program	xxx
Humanity program	xxx
Allocation for amil	xxx
Depreciation assets	xxx
Total Resources Expended	xxx
Surplus (deficit)	xxx
Beginning balance of fund	xxx
Ending balance of fund	xxx
RESTRICTED INFAK FUND	
Receiving Resources	
Receiving infaq fund	xxx
Profit sharing of infaq fund placement	xxx
Total Receiving Infaq Restricted Fund	xxx
Resources Expended	
Public society program	xxx
Humanity program	xxx
Allocation for amil	xxx

Socialization of ZIS	xxx
Operational Office	xxx
Total Resources Expended	xxx
Surplus (deficit)	xxx
Beginning balance of fund	xxx
Ending balance of fund	xxx
SOLIDARITY FOR HUMANITY FUND	
Receiving Resources	
Receiving of solidarity for humanity	xxx
Total Receiving Solidarity for Humanity Fund	xxx
Resources Expended	
Resources solidarity for humanity	xxx
Allocation for amil	xxx
Total Resources Expended	xxx
Surplus (deficit)	xxx
Beginning balance of fund	xxx
Ending balance of fund	xxx
OPERATIONAL FUND	
RECEIPTS	
Amil allocation from infaq fund	xxx
Amil allocation from infaq restricted fund	xxx
Amil allocation from solidarity from humanity fund	xxx
Other income	xxx
Total Receiving Operational Fund	xxx
Resources Expended	
Networking development	xxx
Total Resources Expended	xxx
Socialization of ZIS	
Advertizing and promotion expense	xxx
Operational of socialization	xxx
Volunteer	xxx
Operational Office	
Human resources expense	xxx
Maintenance expense	xxx
Depreciation expense	xxx
Amortization expense	xxx
Total Resources Expended	xxx
Surplus (deficit)	xxx
Beginning balance of fund	xxx
Ending balance of fund	xxx

Source : Financial Statement DMC organ, 2020

3. Statement Of Manage Assets

Statement of manage assets have been prepared by the DMC organ and reported to the central financial division on a regular basis (monthly) in accordance with the format of PSAK 109 where there are groupings based on fixed assets, fixed assets under management, and accumulated depreciation, where each group consists of buildings, inventory offices and vehicles.

Table 3. Statement Of Manage Assets

DISASTER MANAGEMENT CENTER STATEMENT OF MANAGED ASSETS Period : xx/xx/xxxx						
	Beginning balance	Add itions	Deduc tions	Allow ance	Accum depr	Ending balance
INFAQ FUND						
Current assets under management						
Investments	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Non-Current assets under management						
Fixed assets						
Land	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Cash Flows From Operating Activities						
Increase in net assets	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Adjustment for:						
Depreciation of fixed assets	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Depreciation of assets under management	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Fund balance before change of fund						
Increase receivables (Increase)/	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
decrease inventories	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Net cash provided by operating activities	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Cash Flows From Investing Activities						
Revolving fund	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Fixed asset	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Net cash used in investing Activities	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx
Balance (brought forward)	xxx	xxx	(xxx)	(xxx)	(xxx)	xxx

Source : Financial Statement DMC organ, 2020

4. Statements of Cash Flows

The cash flow report has been prepared by the DMC organ and reported to the central financial division on a regular basis (monthly), where there is a grouping of transactions based on three activities as stated in the cash flow statement based on PSAK 109.

Table 4. Cash Flow Statement

DISASTER MANAGEMENT CENTER CASH FLOW STATEMENTS Periode : xx/xx/xxxx	
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	xxx
Adjustment for:	
Depreciation of fixed assets	xxx
(Increase)/decrease inventories	(xxx)
Net cash provided by operating activities	xxx

CASH FLOWS FROM INVESTING ACTIVITIES	
Revolving fund	xxx
Fixed asset	(xxx)
Net cash provided by operating activities	xxx
Balance (brought forward)	xxx
Balance (carry forward)	xxx
CASH FLOWS FROM FINANCING ACTIVITIES	
Addition/(payment) of long term payable	xxx
Net cash provided by/(used in financing activities)	xxx
Net Increase/(Decrease) in Cash and Cash Equivalent	xxx
Cash and Cash Equivalent at The Beginning of The Year	xxx
Cash and Cash Equivalent at The End of Year	xxx

Source : Financial Statement DMC organ, 2020

5. Notes to the Financial Statements

Records on financial statements have been made by the DMC organ and reported to the central financial division on a regular basis (monthly) in accordance with the PSAK 109 format where there are classifications of cash and cash equivalents, receivables, prepaid expenses, valuables, revolving funds and investments, liabilities, Receipt of public funds, Disaster program distribution.

Table 5. Changes to Assets Under Management Reports

DISASTER MANAGEMENT CENTER NOTES TO FINANCIAL STATEMENTS Period : xx/xx/xxxx	
Cash and Cash Equivalents	
Cash	xxx
Banks	
PT. BNI Syariah	xxx
Total cash in bank	xxx
Time deposits	xxx
PT. BNI Syariah	xxx
Total Time deposits	xxx
Total cash and cash equivalent	xxx
Receivables	
DD Klinik	xxx
Total Receivables	xxx
Advance Payments	
Karya Masyarakat Mandiri	xxx
Total Advance Payments	xxx
Prepaid Expenses	
Parking Lot	xxx
Total Prepaid Expenses	xxx
Inventories	
Groceries donation	xxx
Health care donation	xxx
Total Inventories	xxx
Valueable Goods	
Share	xxx
Total Valuable Goods	xxx
Revolving Fund	
Baitul Maal Ventura	xxx
Total Revolving Fund	xxx

Investment	
Karya Mandiri	xxx
Total investment	xxx
Fixed Assets	
Vehicles	xxx
Office Equipment	xxx
Accumulation depreciation	
Depreciation	xxx
Book Value	xxx
Total Fixed Assets	xxx
Fixed Assets Under Management	
Vehicles	xxx
Office Equipment	xxx
Accumulation depreciation	
Depreciation	xxx
Total Fixed Assets Under Management	xxx
Payables-Third Parties	
DD Klinik	xxx
RST	xxx
Total Payables-Third Parties	xxx
Current Accounts Payables	
Resources expended of non halal fund	
Development of public facility	xxx
Total Current Account Payables	xxx
Operation Office Expenses	
Human Resources expenses	
General & administration expenses	xxx
Maintenance expenses	xxx
Total Operation Office Expenses	xxx
	xxx

Source : Financial Statement DMC organ, 2020

Analysis

DMC has prepared a Financial Position Report, a Change in Funds Report, a Cash Flow Statement, and Notes to Financial Statements (CALK) and reported to the Dompot Dhuafa financial division on a regular basis every month using the standard format according to PSAK 109. During the last two years, the internal auditor has conducted two audits and one external audit. One of the findings is that the settlement of advances is still low, this is due to the low level of awareness of employees regarding the reporting of the use of advances, the time limit for advances for settlement of advances still follows the central financial regulations, there is no documentation of internal procedures.

Constraints in the settlement of advances for activities are the age of advances that are too long to last 5 years, during which time there have been many employee rotations and resigned employees, making it difficult to process details and proof of use of advances. Another thing is that the evidence of transactions used are not in accordance with the

budget due to technical problems in the field of difficulty in obtaining raw materials in locations where disasters occur, such as the Palu and Lombok earthquakes, so that the procurement of raw materials for the construction of temporary shelters (temporary shelters) is obtained from other areas which incur significant additional costs due to limitations road access to the construction site. In addition to advances for activities, there are also employee loan payables at the leadership level with a large enough value and have never been paid (in installments). Employee loan debt funds originate from the provision for project cost efficiency from one of the donors of bound infaq/shadaqah, where project development is carried out in stages divided into 3 terms over one year, but the provision for efficiency funds has been made in the second stage. This of course contradicts and violates the rules and policies of the head office as well as sharia principles, because the recognition of project cost efficiency should be done after all project implementation has been completed because there are risk factors at stake for projects that have not been completed. Especially if the debt is given to the leadership level, where the leader should set good and true examples and examples. This occurs due to the absence of standard operational procedures for DMC internal procedures in the financial, procurement, and human capital sectors, so decisions are taken unilaterally according to personal needs.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the discussion above, it shows that the DMC organ accounting process consists of recording regular transactions according to the RKAT approved by the head office and recording transactions for the implementation of thematic programs. All receipts transactions use an account in the name of Dompot Dhuafa Republika, donations / charities for social humanity. Recording of incoming and outgoing money is carried out by the cashier, attached with proof of transaction. On a weekly basis the cashier performs cash-taking to ensure the suitability and availability of petty cash and large cash balances. The accounting department keeps journals and records transactions in the general ledger and trial balance to then make financial reports for each type of fund. The financial statements that have been made are submitted to the head office

financial division, for further reconciliation. The DMC Organ has prepared a Financial Position Report (Balance Sheet, Fund Change Report, Cash Flow Statement, and Notes to Financial Statements (CALK) which are presented in accordance with PSAK 109.

The management of operational cost management needs to be of particular concern to DMC leaders, given the high cost of maintaining assets in the form of old vehicles and uncommon specifications in the Indonesian market. Standard Operations Internal organ procedures for financial management, operations, procurement and human resources do not yet exist, but have implemented head office policies. As a result, in carrying out more detailed activities in the field, which are not regulated in the head office SOP, the decisions taken are one-sided and subjective depending on the taste of the leadership which is not necessarily in accordance with the aspects of professionalism and generally applicable sharia principles.

The audit function on the implementation of DMC financial operations has been carried out by the head office as part of the supervisory control so that organ activities are in accordance with the objectives, vision and mission of Dompot Dhuafa. All findings are valuable input for follow-up improvements. In an effort to find additional income to meet operational costs, the leadership must prioritize professional aspects while not neglecting sharia principles. There is a need to change the vehicle asset management strategy to reduce the high maintenance costs.

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