

THE IMPLEMENTATION OF ACCOUNTING AND EFFECTIVENESS OF ZAKAT MANAGEMENT THROUGH BASIC NEEDS DEFICIENCY INDEX

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ABSTRACT

This study aims to analyze the application of zakat accounting and the effectiveness of the distribution of zakat funds in the Baitul Mal Aceh Province (Zakat Management Agency of Aceh Province). The study used secondary data obtained from the institution of the Baitul Mal Aceh Province, besides that, also through literature and journals relating to the topic of writing. Data were analyzed using the Basic Needs Deficiency (BNDI) formula. The results showed that the effectiveness of the Aceh Province Baitul Mal zakat distribution was the worst position with a value of 0.937 in 2016 and 0.951 in 2017. The Baitul Mal of Aceh Province had applied zakat accounting according to [Pernyataan Standar Akuntansi Keuangan (PSAK No. 109) (Statement of Financial Accounting Standards)], but not yet maximally, because there is still accounting treatment for zakat which is not applied in 2016 and 2017.

Keyword: Zakat Accounting, Effectiveness, Zakat Management, Basic Needs Deficiency Index, Baitul Mal.

1. INTRODUCTION

As we know that zakat is a certain asset that must be issued by people who are Muslim and given to groups that have the right to receive it or called "mustahiq". Every person who is Muslim is obliged to fulfill zakat, as is the obligation to perform five daily prayers. Making zakat is one of the five cases in the pillars of Islam that must be carried out by Muslims. Nearly 100% of the population of Aceh is Muslim, therefore, giving zakat to the people of Aceh has become a mandatory principle.

The purpose of formal management of zakat is to improve the effectiveness and efficiency of services in the management of zakat, and increase the benefits of zakat to realize public welfare and poverty reduction (Kahf, 1999; Wahab, Norazlina Abd., & Abdul Rahman, AbAbdul Rahim, 2011) According to the Law of the Republic of Indonesia, Number: 23 of 2011 concerning Management of Zakat, that Zakat is a property that must be issued by a Muslim or business entity to be given to those entitled to receive it in accordance with Islamic law (Undang-undang

No. 23, Tahun 2011).

In Indonesia, poverty is still a problem in people's lives, especially those related to social and economic conditions. The Central Statistics Agency reported in September 2015 that the number of poor people was around 28.51 million, or 11.13% of the total population of Indonesia. Therefore, it is interesting to see how the role of Baitul Mal Aceh in channeling zakat, infaq, and alms.

In the regional financial component of the “Anggaran Pendapatan dan Belanja Aceh (APBA)” (Aceh Revenue and Expenditure Budget), zakat is part of “Pendapatan Asli Aceh (PAA)” (Aceh Original Income) or the term for “Pendapatan Asli Daerah (PAD)” (Regional Original Retention) managed by the Baitul Mal Aceh Agency.

The enactment of Syariah Islam (Islamic law) in Aceh is a logical consequence for the Aceh government to manage zakat finances properly and correctly. The problem is that management in the financial sector of this area still refers to conventional financial accounting, which originates from the United States (Anglo Saxon) as also applied to the government in Indonesia in general.

Management of zakat, both in Indonesia and at the international level, until now there has been no standard measure that can be used to measure the performance and development of zakat. In fact, the existence of this measuring instrument is very important in determining the achievement of zakat success. In addition, by knowing the progress of zakat performance achievement, it can also be measured the extent of the contribution of zakat to social economic development.

There are several indices formulated and applied to poverty studies in various countries, including Muslim countries. Kakwani (2000) introduced an index of poverty reform, Kakwani & Son (2001) formed an improvised version of the index. UNDP (1995) adheres to the calculation of the Human Development Index, and Sen (1976) created concepts and methods for calculating composite poverty indexes. Furthermore, Foster, Greer and Thorbecke (1984) have formulated a general index to measure the level of welfare, UNDP (1997) has introduced the Human Poverty Index (Human Poverty Index - HPI).

The “Ikatan Akuntansi Indonesia (IAI)” (Indonesian Accounting Association) has a zakat accounting standard, namely PSAK No. 109, About Accounting for Zakat, Infaq and Alms which is used for zakat organizations or administrators who function to collect and distribute zakat, infaq and alms to the groups entitled to receive.

This study proposes a method of distributing zakat using the Basic Needs Deficiency Index (BNDI). This formula has been implemented in Pakistan (Abdullah, Yusop, & Awang, 2012). The demographics of the population of Pakistan are not much different from the demographics of population in Aceh.

LITERATURE REVIEW

Zakat, Infaq and Alms

Zakat is a number of assets that must be issued by Muslims to be given to people who have the right to receive it, for example poor people, in accordance with the provisions of Islamic law. Whereas in terms of language, the notion of zakat is clean, holy, fertile, blessing, and developing. Zakat is one of the pillars of Islam which is very important in the effort to uphold Islamic Shari'a which is governed by the Qur'an and Sunna. That is why every Muslim who has fulfilled the requirements is obliged to give zakat to those in need ([Samad](#) & [Glenn](#), 2010).

Zakat is an obligation (obligatory law) for capable Muslims. The provision of zakat is also regulated regarding its boundaries, namely: the amount of zakat, the time of giving zakat, and the recipient of zakat ([Samad](#) & [Glenn](#), 2010). Infaq is an expenditure made by a Muslim as gratitude for the sustenance that has been given by Allah (God) with the amount according to their willingness, while Sadaqah (Alms) is any gift or activity to expect merit from Allah (God) (Nurhayati & Wasilah, 2013: 278). Alms is the giving of a Muslim to others voluntarily and sincerely without being limited by a certain time and amount. Alms is broader than zakat or infaq. Because charity does not only mean issuing or donating property.

The term Sadaqah, Zakat and Infaq refers to an understanding of something that is issued. Zakat, Infaq and Alms have similarities in their roles to make a significant contribution in alleviating poverty. The difference is that the legal zakat is obligatory while the infaq and the alms of the law are sunnah. Or Zakat intended is something that must be issued, while Infaq and Sedekah are terms used for something that is not required to be issued ([Abdullahi](#), 2019). So that voluntary expenditure is called Infaq, and Sedekah. Zakat is determined by the Nisab while Infaq and Sedekah have no limits, Zakat is determined by anyone who has the right to receive it while Infaq can be given to anyone (Lembaga Amal Zakat Abdurahman Bin Auf, 2016).

Accounting and Zakat

In general, it can be understood that accounting is measurement, translation, or certainty regarding information that will help managers, investors, tax authorities and other decision makers to make allocation of decision resources within companies, organizations and government institutions. Accounting in Islamic concepts can be defined as a collection of standard and permanent legal bases, which are inferred from sources of Islamic sharia and are used as a rule by an accountant in his work, both in accounting, analysis, measurement, presentation, and explanation, and becomes footing in explaining an event or transaction (Adzaki, 2016).

Accounting in Arabic is known as "al-muhasabah". In the Islamic concept, accounting is included in the problem "muamalah", which means the development is left to the ability of the human mind (El-Afou, 2017; Husein, 2018). According to Mulawarman, & Kamayanti (2018), explaining sharia accounting is essentially the use of accounting in carrying out Islamic law. Carrying out Zakat for Muslims is a form of "financial" worship and makes the calculation of zakat very necessary in fulfilling this obligation. Accounting as a medium for calculating zakat is having a role in determining the assessment of zakat that is appropriate and fair. The importance of accounting is not only limited to the obligations of zakat, but also to other aspects of human life. This has been recognized in Islam as stated in the Qur'an 2: 282, (Adnan, 2009).

Haniffa & Hodaib (2010), Islamic accounting refers to the main ideas and practices accepted by Islamic reasoning. Islamic accounting as a theory that thinks how it can allocate resources fairly. Islamic accounting serves as a guarantee that seeks to build socio-economic justice through procedures, routines, objective measurement, control and reporting in accordance with the principles of Islamic sharia (Haniffa & Hodaib, 2010; Rab & Anjum, 2011).

From the two sources of opinion, we can understand that Islamic accounting plays two important roles, namely: (1) providing guarantees to users of accounting information through proper recording and disclosure that transactions do not violate sharia principles; and (2) ensuring that resources are allocated equitably through appropriate measurement and recognition of assets, liabilities, income and expenditure (Haniffa & Hodaib, 2002: 8).

Effectiveness of Zakat Management

Effectiveness is the achievement of quality and quantity targets that are in accordance with the standards set. However, some sources argue that effectiveness in the Islamic context is as a goal to ensure a healthy and effective internal control system for Shariah compliance (Bank Negara Malaysia, 2010 cited by Khalid, Haron, & Masron, 2017). The effectiveness of internal audits can be defined to what extent the objectives are achieved (Badara & Saidin, 2013, quoted by Khalid, Haron, & Masron, 2017). Effectiveness is the achievement of goals precisely or choosing the right goals from a series of alternatives or choice of ways and making choices from several other choices. Effectiveness can also be interpreted as a measure of success in achieving predetermined goals (Saad & Hanniffa, 2014).

Sarver & Miller (2014), effectiveness is the utilization of resources, facilities and infrastructure in a certain amount that is consciously set beforehand to produce a number of goods for the services of the activities carried out. [Adnan & Aji](#) (2015), effectiveness shows the success in terms of achieving the goals that have been set or not. If the results of the activity get closer to the target, it means that the effectiveness is higher. In line with this opinion, Trujillo (2013), effectiveness is the utilization of resources, facilities and infrastructure in a certain amount that is consciously set beforehand to produce a number of jobs on time.

It can be concluded that effectiveness is related to the implementation of all the main tasks, the achievement of goals, timeliness, and active participation of members and is the link between the objectives and the stated results, and shows the degree of conformity between objectives stated with the results achieved. Based on a number of opinions above, it can be understood that the effectiveness of zakat management is planning, organizing, and supervising the collection and distribution of zakat in a timely manner so as to achieve the intended goals.

Basic Needs Deficiency Index (BNDI)

Zakat funds that have been collected in the Baitul Mal are then distributed to those who have the right to receive them like the indigent and the poor. To find out for certain whether certain groups are included in the category of poor and needy or not, a standardization is needed. One of the standards used in measuring poverty is "Basic Need Deficiency Index" (BNDI). According to Amdullah & Al-Malkawi (2015), BNDI is a newly developed poverty standard measurement technique.

Basic needs (BN) can be interpreted in terms of the minimum number of things such as food, clothing, shelter, water and sanitation needed to prevent poor health, malnutrition, and the like (Streeten, Burki, Haq, Hicks, & Stewart, 1981: 25). According to Streeten et al. (1981: 33-34), saying that the BN approach to development, tries to ensure access to certain resources (such as calorie adequacy) for certain groups (determined by age, sex or activity) that are lacking in this resource.

A slightly different approach from the BN approach introduced by Sen (1992, 2009), cited (Santos et al., 2015) which argues that attention must be diverted from the way of life to the actual opportunities a person has, and therefore argues that space Relevant well-being must be a set of abilities. This is defined as an amalgamation of various combinations of functions (person and deed) that one can achieve (Hassan & Harahap, 2010).

Another approach that contrasts with the previous approach, this occurs in many countries in Latin America, including Argentina, where measuring poverty levels generally uses an insatiable index of basic needs (Necesidades Basicas Insatisfechas or NBI) to measure poverty. Most of the NBI indices include indicators such as access to clean water, housing quality, density, education level of the head of the household, school attendance, nutrition, etc., but seen from the measuring indicators are not much different from the BN approach (Hicks, 2000).

This study attempts to investigate the management of zakat distribution using BNDI. Because the effectiveness of the distribution of zakat, infaq and alms to the groups entitled to receive it must meet a standard.

METHODOLOGY

This study uses secondary data obtained from the documentation available at the Baitul Mal Aceh office, while also reviewing the literature related to the research topic. Every data we obtain is examined in depth and then we conclude to be the material of analysis. The data we have obtained we analyze using the BNDI formula developed by Abdullah, Derus & Al-Malkawi (2015) as follows:

$$\text{BNDI} = 1 - \frac{G_z}{E_z}$$

Abdullah, Derus, & Al-Malkawi (2015), explained that:

- Case 1: If $G_z = 0$ and $E_z = 1$, then BNDI is 1, which implies that the lack of basic needs has reached a maximum. This is the worst case scenario.
- Case 2: If $G_z = 1$ and $E_z = 1$, then the BNDI is 0, which implies that there are no shortcomings in basic needs. This is the best scenario.
- Case 3: If $G_z = 0.5$ and $E_z = 1$, then the BNDI is 0.5, which implies that lack of basic needs exists but can be tolerated.

RESULTS AND DISCUSSION

Table 1 is the breakdown of the distribution of zakat funds based on basic needs in 2016. The total distribution of zakat funds in 2016 was IDR 23,839,376,000.00 and in 2017 amounted to IDR 19,489,357,500.00.

Table 1 - Realization of Zakat Fund Distribution by Basic Needs

Basic needs	2016		2017	
	Realization (IDR)	%	Realization (IDR)	%
Food	3,146,950,000	13.20	1,352,400,000	6.94
Residence	4,340,000,000	18.21	5,660,000,000	29.04
Clothes	3,100,000,000	13.00	1,314,600,000	6.75
Health	559,500,000	2.35	625,500,000	3.21
Education	12,692,926,000	53.24	10,536,857,500	54.06
Total	23,839,376,000	100	19,489,357,500	100

Table 2 shows the magnitude of BNDI scores on the distribution and needs of zakat funds in 2016 and 2017 amounting to 0.937 and 0.951. Abdullah et al. (2012) explain that G_z is smaller than E_z , If not, poverty will not be a problem or there is no shortage of basic needs. Thus, the index measures the shortfall in the amount of government expenditure intended for zakat compared to the total consumption / expenditure for basic needs needed by the poor to have a decent minimum income. As in the case of other indices, BNDI has a scale of 0-1. While large indices imply poor performance, small indices show otherwise.

Table 2: Score of the Basic Needs Deficiency Index

Year	Realization of Zakat Distribution (IDR)	of Mustahiq's expenses (E_z) (IDR)	BNDI	BNDI score
2016	23,839,376,000	377,739,904,000	$1 - \frac{G_z}{E_z}$	0.937
2017	19,489,357,500	397,813,888,000	$1 - \frac{G_z}{E_z}$	0.951

Effectiveness of the Distribution of Zakah Funds on the Baitul Mal Province of Aceh

The results of the Basic Needs Index or BNDI shown in Table 2, the researchers compared BNDI scores using the year period, namely 2016 and 2017. In 2017, BNDI scores increased by

0.014% which could mean that the lack of basic needs was the worst.

The form of distribution carried out by the Baitul Mal is in line with what has been conveyed by Bariadi (2005), namely the pattern of Traditional distribution (Consumptive) and the pattern of productive distribution. The pattern of Traditional distribution (Consumptive) is that the distribution of zakat funds is given directly to Mustahik, while the productive distribution pattern is the distribution of zakat funds to Mustahik along with the target of changing the recipient's condition from Mustahik's category to Muzzaki category.

The steps of the Aceh Province Baitul Mal greatly help recipients of zakat or Mustahik be productive and will have a positive impact on reducing poverty. Furthermore, this method of distribution must be maintained in order to achieve the mission and mission of the Aceh Province's Baitul Mal itself. The researcher found one drawback of this policy, namely, a less specific report regarding the distribution of these funds in the name of the two forms mentioned earlier. This will have an impact on the accuracy of measuring the effectiveness of the distribution of zakat funds themselves. However, this shortfall can still be tolerated because the Aceh Province Baitul Mal has made several details regarding the flow of zakat funds distribution and will continue to correct these deficiencies.

Expenditures to meet the basic needs of mustahiq were obtained from the website of the Central Statistics Agency (BPS), namely IDR 445,448 in 2016 and IDR 479,882 in 2017. Furthermore, the expenditure of zakat recipients is multiplied by the number of poor people. The results of the BNDI score indicate that in 2016 and 2017 the scores were relatively high. This implies that there is a shortage in Aceh Province in terms of meeting basic needs for survival for the poor.

The reality that occurred in Aceh Province, namely, the BNDI Score in Table 2 above does not necessarily mean that poor people in Aceh Province experience severe difficulties in meeting their basic needs. This is based on a report on the realization of zakat distribution in 2016 and 2017 which states that there is a channeling of funds to venture capital and the purchase of work tools / equipment to the poor through village level Baitul Mal. This zakat distribution program helps the poor to be productive and to improve the quality of human resources. Furthermore, the Aceh Province Baitul Mal also has a life skill training program. These programs are expected to be able to reduce the population classified as poor and also make "Mustahiq" turn into "Muzakki".

CONCLUSIONS AND RECOMMENDATIONS

Based on the discussion of the results of the research stated earlier, it can be concluded that overall the application of zakat accounting by the Baitul Mal Aceh Province has followed the standards of PSAK 109. The Baitul Mal Province of Aceh received a BNDI score of 0.937 in 2016 and 0.951 in 2017 which means that the level of effectiveness of the distribution of zakat reaches the worst. The lack of basic needs of the poor or recipients of alms (mustahiq) is high and continues to increase.

This study has limitations including this study only looking at the accounting application and effectiveness of the Aceh Province Baitul Mal from an institutional perspective so that it cannot be generalized to see overall performance and unable to obtain data with a relatively long period of time regarding zakat distribution to poor categories so that they are unable to see trends

poverty and zakat distribution from the start of the Aceh Province Baitul Mal to the research period.

This research is also a case study research that is part of qualitative research so that the results of research specifically the effectiveness of the Aceh Province Baitul Mal in the distribution of zakat and reducing poverty still require further verification by different methods. Therefore, further research can be done to see performance in different aspects such as financial performance and others through different methods both qualitatively and quantitatively or a combination of both.

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