

THE EFFECT OF THE ROLE OF THE INTERNAL CONTROL SYSTEM ON FINANCIAL REPORTING ACCOUNTABILITY MODERATION OF THE ZAKAT ACCOUNTING BASED ON PSAK 109

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Abstract. This study aims to examine and analyze the influence of the role of the internal control system on financial reporting accountability at the Amil Zakat Institution in the accounting moderation of zakat based on PSAK 109. This research was carried out through surveys in which the research model was designed to examine financial reporting accountability in amil zakat and amil institutions zakat in DKI Jakarta and Banten, related to the role of the internal control system. The benefits of this study are to contribute scientifically to the science of sharia accounting specifically accounting for zakat and assist the accounting department in preparing financial statements in accordance with PSAK No. 109 in the implementation of its duties related to increasing accountability in financial reporting. The results of this study state that the role of the internal control system has a significant effect on the accountability of financial reporting. If moderated by compliance with the accounting application of zakat PSAK No.109, the role of the internal control system remains a significant influence on the accountability of financial reporting.

Keywords: Financial Reporting Accountability, Role of the Internal Control System and Accounting for Zakat PSAK No.109.

1. INTRODUCTION

Accountability is a well-known term in the State Administration of the Republic of Indonesia as a driver of the establishment of Law No. 28 of 1999 concerning the Implementation of a clean and free country from Corruption, Collusion and Nepotism. In the Big Indonesian Dictionary of accountability is "about things that are responsible or circumstances that can be held accountable" (KBBI, 2017). Whereas accounting is the art of recording, classifying, summarizing, interpreting, and communicating in certain ways and in monetary measures, transactions and economic events of a legal or social entity (Megawati & Trisnawati, 2014).

One of the factors that did not reach the potential of zakat receipts in Indonesia was the decision of the muzaki not to distribute zakat, infaq and shodaqoh to existing zakat management organizations which were still low trust factors in the organization, causing the muzaki to directly channel their zakat funds to those who are entitled. Muzaki's distrust factor in the management of zakat funds by zakat management organizations, both the Amil Zakat Agency (BAZ) and the Amil Zakat Institution (LAZ) in Indonesia, due to lack of transparency in the Financial Report, accountability of BAZ and LAZ, and muzaki did not get greater benefits if the zakat funds are channeled through BAZ and LAZ compared to direct distribution (Septiarini, 2011).

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In carrying out its operational activities, the non-profit organization LAZ receives donations in the form of objects and money. To maintain the trust of the people who have donated part of their wealth, LAZ managers are expected to be able to present financial statements of zakat in accordance with SFAS 109. While the preparation of accountable zakat financial statements can be done, because the implementation of Accounting Zakat is effective (Nikmatuniayah & Marliyati, 2015).

2. THEORITICAL REVIEW

2.1. Financial Reporting Accountability

The principle of Amanah (Accountability) is based on the Qur'an Al-Baqarah verse 283 which is "... the person who is believed to be obliged to fulfill his mandate, and be devoted to the God of God. Do not hide the testimony. Whoever hides it, will stain sin in his heart, and God knows everything you do ". Accountability is a well-known term in the State Administration of the Republic of Indonesia as a driver of the establishment of Law No. 28 of 1999 concerning the Implementation of a clean and free country from Corruption, Collusion and Nepotism. In the Big Indonesian Dictionary of accountability is "about things that are responsible or circumstances that can be held accountable. According to Mahmudi (2013: 9) Public Accountability is as follows: "Obligation of Agents (Government) to manage resources, report, and disclose, all activities and activities related to the use of public resources to the credentials." Public Accountability According to Bastian (2010: 385) are: "obligations to convey accountability or to answer, explain performance, and actions of a person or legal entity and collective leadership or organization to parties who have the right or authority to ask for information or accountability.

2.2. The Role Of The Internal Control System

Internal control is a form of supervision that not only includes checking work but also includes all the tools used by management to carry out control in its institution. Internal control can also prevent fraud or deviation from the process of distributing zakat funds to the recipients of zakat. The internal control system can run well if the system of authority and bookkeeping procedures are carried out properly, and there is an organizational structure that separates functional responsibilities appropriately. And vice versa if the system and the application of internal controls to the distribution of zakat funds are less efficient, it will cause misappropriation of funds. Internal control is a process that is designed, implemented, and maintained by management and other employees to provide adequate confidence in achieving the entity's objectives regarding the reliability of effective financial statements and efficiency of operations and compliance with laws and regulatory provisions (Tuanakota, 2016: 93). According to Azhar (2013: 95), "Internal Control can be defined as a process that is influenced by the board of directors, management and employees designed to provide assurance that organizational goals will be achieved through: efficiency and effectiveness of operations, presentation of financial statements that can trusted and obedience to the law ". Internal Control includes five basic components of the company that are certain assurance (Hari, 2016).

2.3. Zakat Accounting PSAK 109

The application of PSAK is expected to be able to realize uniformity of reporting, and simplicity of recording, so that the public can read the zakat manager's accounting report and oversee its management. In addition, the application of PSAK 109 also aims to ensure that zakat management organizations use sharia principles, and how far zakat management organizations have a level of compliance to implement them (Ritonga, 2017). Thus, those who seek to understand, broaden and improve contemporary accounting through a better understanding of history, find accounting to be

inseparable from religious, social and institutional contexts. The imperative is to reflect on whether the agenda of accounting history and religion is progressively built upon, or whether contributions are relevant unconnected. How can the ecumenical or catholic are considered as a body of knowledge? And how does this change over time? Such connections, breadth and depth, are required if accounting's potential is to be realized (Cordery, 2015). PSAK 109 is a reference of several MUI fatwas, namely: (1) MUI Fatwa No.8 / 2011 concerning Amil Zakat, explaining criteria, amil zakat duties and imposing operational costs of amil zakat activities which can be from various amil or from fi sabilillah in fairness limit. (2) Fatwa of MUI No.13 / 2011 concerning zakat law for illicit assets, where zakat must be fulfilled with assets of both type and income. (3) MUI fatwa No. 14/2011 concerning the distribution of zakat assets in the form of assets under management. What is meant by managed assets is as a representative of zakat mustahik, while the benefits for allotment of zakat must be. (4) MUI Fatwa no.15/2011 concerning the withdrawal, maintenance and distribution of zakat. The task of amil zakat is to collect, maintain and distribute.

2.4. Framework

Ritonga (2017) concluded that in presenting the financial statements of Baznas North Sumatra, it had applied accounting for zakat using PSAK No.109, but not fully in accordance with PSAK No.109. Lubis and Saragih (2018) also concluded the same results that the North Sumatra Amil Zakat Agency had not fully implemented PSAK No.109 in accounting accounting and financial reporting. Megawati and Trisnawati (2014) concluded different results that the application of PSAK No.109 concerning accounting for zakat in the BAZNAS of Pekanbaru city as proof of the commitment of the management in realizing transparency and accountability of zakat managers, infaq, sodaqoh. Based on the results of Aisyah's (2013) analysis of the Analysis of Internal Control System of Funds In Pare Pare On Board Zakat (BAZ) it was concluded that the application of an internal control system analysis to zakat funds at the Zakat Agency in the city of Pare-pare has not fully reflected the application of a good internal control system analysis of transactions carried out. Based on a review of theory and previous research, in this study a framework of thought was constructed as shown in Figure 1.

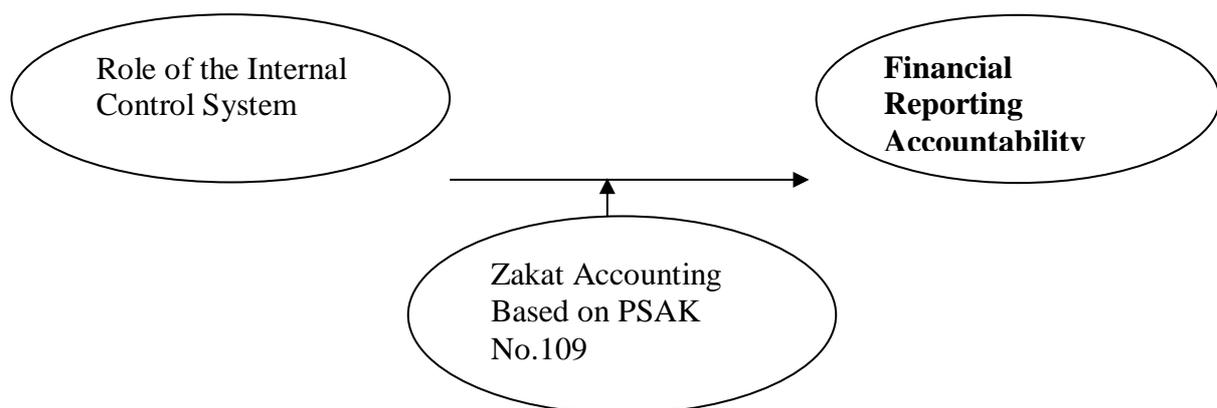


Figure 1. Framework

From the thought framework that has been explained, the hypothesis in this study are:

H1 = The role of the internal control system influences on the financial reporting accountability.

H2 = The application of zakat accounting based on PSAK No. 109 moderate the influence of the role of the internal control system on the financial reporting accountability.

3. METHOD

3.1. Research Design

This research is exploratory (exploratory study) with a type of causal study where the researcher wants to find the cause of one or more problems (Uma Sekaran, 2016). In this study, the effect of the role of the internal control system on the accountability of financial reporting will be tested to moderate the application of zakat accounting based on PSAK No. 109.

3.2. Selection Methods and Data Collection

The target population as a whole unit of analysis in this study is the entire Amil Zakat Agency and the Amil Zakat Institution of the Provincial / Regency / City Regional Governments in the DKI Jakarta and Banten regions, totaling 42 entities. All members of the population are sampled, therefore the sampling method is called a saturated sample. The observation unit in this study is the accounting and finance section.

3.3. Data Analysis Method

Data were analyzed using partial least square. The analysis used in this research is Descriptive Statistics Analysis, Validity and Reliability Test, Evaluation of Goodness of Fit, and Hypothesis Test.

4. STATISTICAL TEST RESULTS

4.1. Descriptive Statistics

The following is a table of compliance variables for the accounting application of zakat PSAK No.109:

Table 1 .Description of Variables of The Compliance for the Application of Zakat Accounting

Based on PSAK No.109

No	Dimensions	Average Score	Category
1	Compliance with Application of Recognition and Measurement of Zakat	4.07	High
2	Compliance with Financial Statement Presentation	4.37	Very High

3	Compliance with Disclosure of Zakat Transactions by Amil	4.21	High
Total		12.65	
Average		4.21	High

Source: Primary data processed, 2019

Table 1 shows that compliance with the application of zakat accounting PSAK No.109 is in the high category, this can be concluded that compliance with the application of zakat accounting PSAK No.109 in the city of DKI and Banten is already good.

Variables of the the role internal control system have 5 dimensions, namely, environmental control, integrity value, and ethics, risk assessment, control activities, information and communication, and monitoring. Based on the range of values and categorization, each variable and indicator variable The role of the internal control system can be seen in table 3 below:

Table 2. Description of Variables of The Internal Control System

No	Dimensions	Average Score	Category
1	Environmental Control, Integrity Value, and Ethics	4.55	High
2	Risk Assessment	4.35	High
3	Control Activities	4.34	High
4	Information and Communication	4.34	High
5	Monitoring	4.26	High
Total		21.84	
Average		4.37	High

Source: Primary data processed, 2019

From table 2 above it can be explained that the variable role of the internal control system has an average score of 4.37 and is included in the very high category. The lowest score is 4.26 ie Monitoring, while the highest score is 4.55, which is the control environment, integrity value, and ethics. It can be concluded that the role of the LAZ internal control system in DKI Jakarta and Banten provinces has been very good.

The following table is a table of financial reporting accountability variables.

Table 3. Description of Variables of The Financial Reporting Accountability

No	Dimensions	Average Score	Category
1	Reporting Mechanism and Fund Distribution Mechanism	4.48	Very High
Total		4.48	
Average		4.48	Very High

Source: Primary data processed, 2019

From table 3 above, it can be explained that the financial reporting accountability variable has an average score of 4.48 and is included in the Very High category. Based on these results, it can be interpreted that the financial reporting accountability of LAZ in DKI Jakarta and Banten provinces has been very good.

4.2. Validity and Reliability Test Results

The following are the results of the output loading factor constructing the role of the internal control system on the accountability of financial reporting moderated compliance with the zakat accounting application PSAK No.109 on Smart PLS:

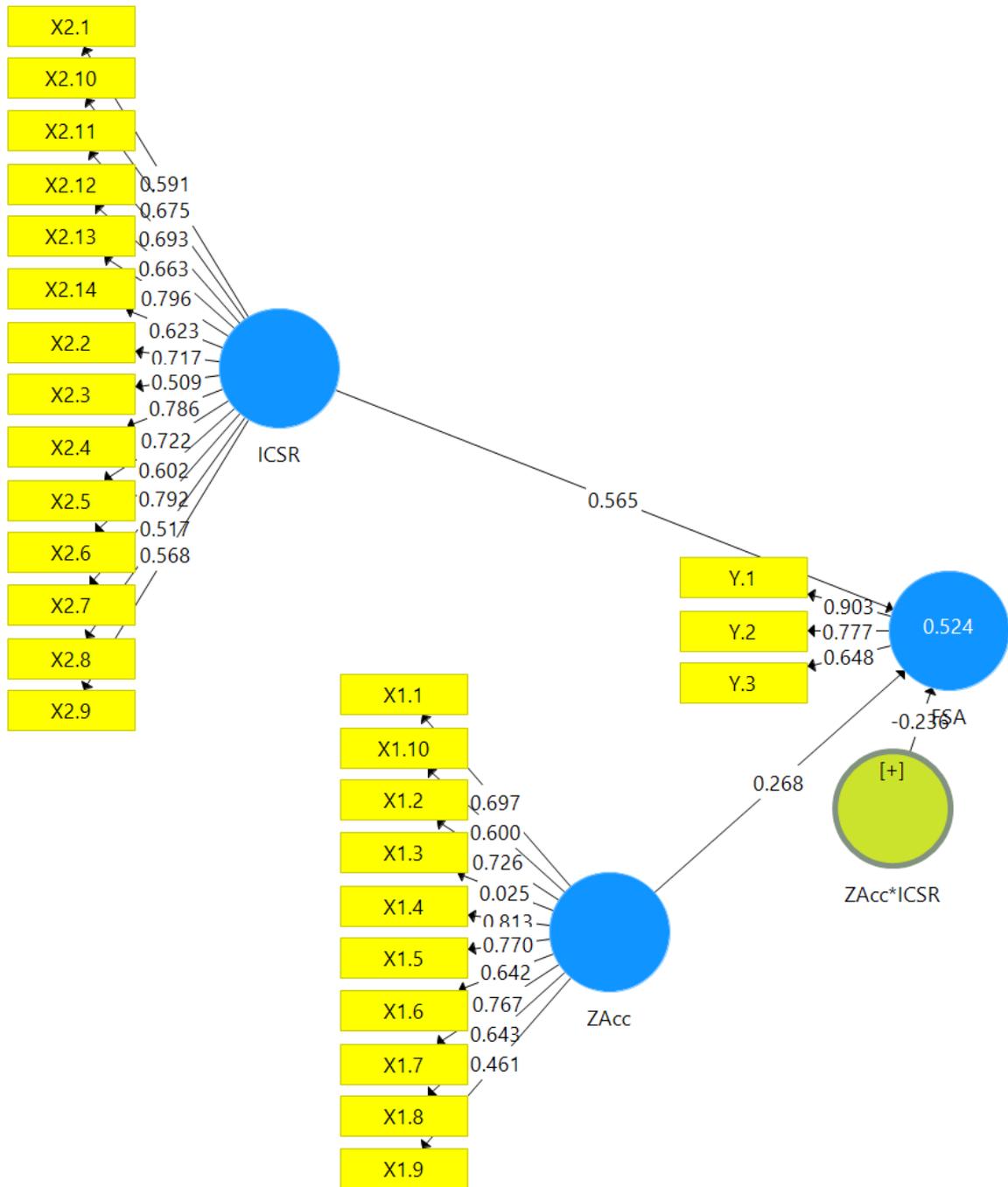


Figure 2. Output Loading

Based on the output on the path diagram above, the loading factor has met convergent validity, ie the indicator value is above 0.5. All loading factors are significant at the 5% level. The following is a table of results of reliability testing on latent variables the role of internal control systems on the accountability of financial reporting moderated compliance with the application of zakat accounting PSAK No.109 as follows:

Table 4 Reliability Test Results

Variable & Dimensi	AVE	Cronbach's Alpha	Composite Reliability	Information
The Role of the Internal Control System (X1)	0.546	0.903	0.917	Reliabel
Compliance with the Application of Zakat Accounting PSAK No.109 (X2).. Moderating	0.573	0.862	0.888	Reliabel
(Financial Reporting Accountability Y)	0.613	0.725	0.824	Reliabel
ZAcc*ICSR	1.000	1.000	1.000	

Source: Primary data processed, 2019

Based on the results of the reliability output above, it can be concluded that for all dimensions in the the role of the internal control system , compliance variable of the zakat accounting application PSAK No.109, and financial reporting accountability has Cronbach's Alpha above 0.6 and Composite Reliability above 0.7 so that it can it was concluded that the indicators used in each dimension had sufficient reliability or were able to measure the construct.

4.3. Evaluate The Goodness of Fit Structural Model (Inner Model)

Table 5 below explains the results of the coefficient of determination analysis of the research variables :

Table 5.R Square

Variable	R Square	R Square Adj
Financial Reporting Accountability	0.524	0.486

Source: Primary data processed, 2019

Based on the coefficient of determination in the table above, the value of R2 for the Financial Reporting Accountability variable is 0.524, which means that the value indicates that the financial reporting accountability model is explained by the role of the internal control system and the compliance of the zakat accounting application PSAK No.109 is 52.4% while the rest that is equal to 47.6% explained by other variables not found in the research model.

4.4. Hypothesis Testing

To test the hypothesis in this study, the t statistic value of each pathway is partially direct influence. The following is a picture that explains the path diagram to test the hypothesis:

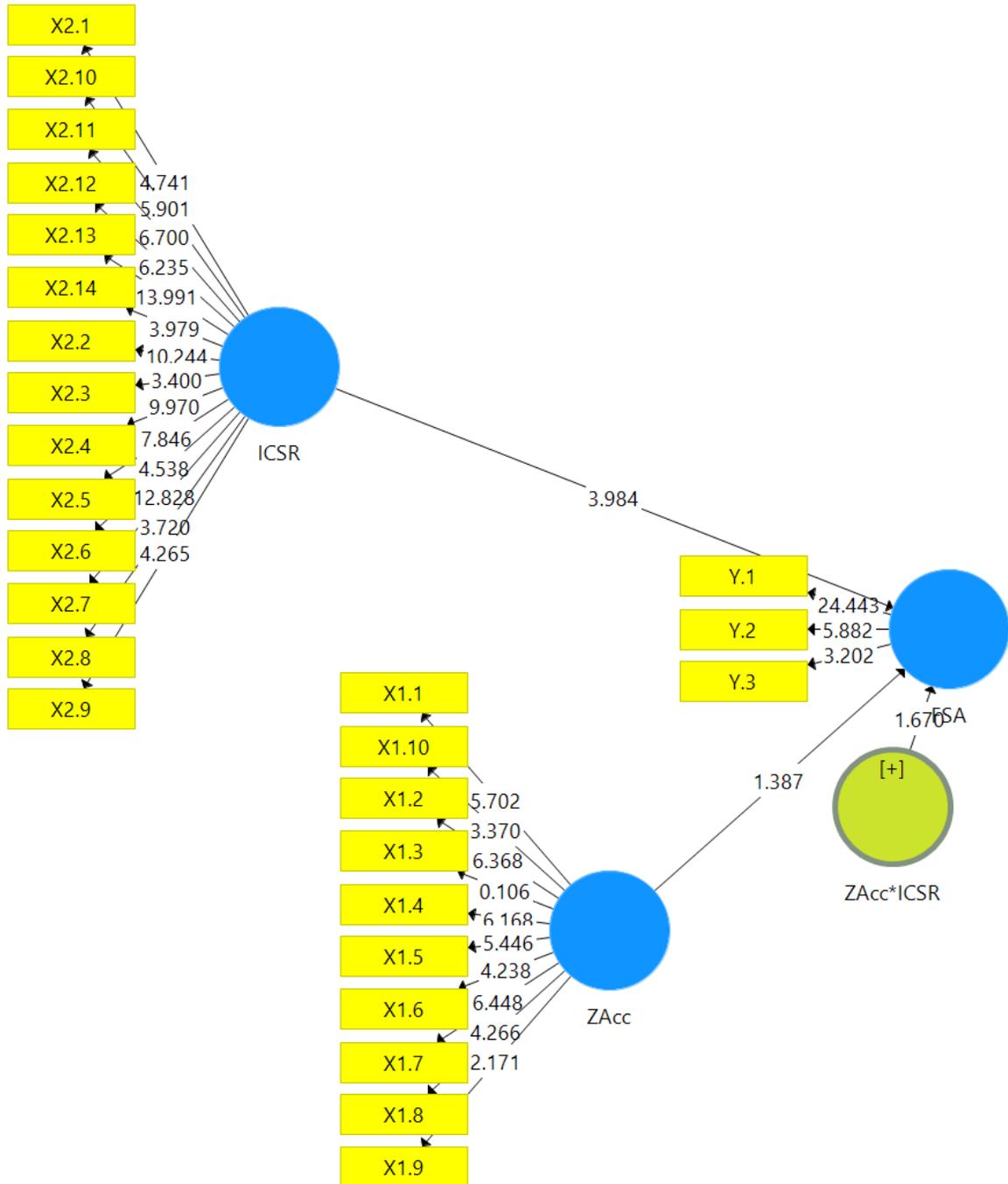


Figure 3. Output Inner Model

Table 7. Path Coefficients

Inter-Variable Relationships	Coefficient Parameter	T Statistics	P Values	Information
The Role of the Internal Control System -> Financial Reporting Accountability	0.566	3.984	0.000	Significant
The Application of Zakat -> Financial Reporting Accountability	0.269	1.387	0.061	No Significant
ZAcc*ICSR-> Financial Reporting Accountability	-0.239	1.676	0.043	Significant

Inf.: Significant at level 5%

The path parameter coefficient obtained from the influence of the role of the internal control system variable on financial reporting accountability is 0.566 with the Tstatistic value $3.984 \geq 1.660$ at the significance level $\alpha = 0.05$ (5%) which states that there is an influence on the role of the internal control system on financial reporting accountability . The value of 0.556 in the parameter coefficient means that the internal control system performs its role accordingly, the accountability of financial reporting is increasing. The results of this study support the first hypothesis, namely there is an influence of the role of the internal control system on financial reporting accountability.

The path parameter coefficient obtained from the effect of the variable zakat accounting application on financial reporting accountability is 0.269 with a statistical T value of $1.387 < 1.660$ at a significance level of $\alpha = 0.05$ (5%) which states that there is no effect of applying zakat accounting on financial reporting accountability. The path parameter coefficient obtained from the influence of the role of the internal control system on financial reporting accountability is moderated by the application of zakat accounting at -0.239 with a statistical T value of $1,676 \geq 1,660$ at the significance level $\alpha = 0.05$ (5%) which states that the application of zakat accounting moderates influence of the role of the internal control system on financial reporting accountability. The results of this study support the second hypothesis, namely the application of zakat accounting based on PSAK No. 109 moderates the significant influence of the role of the internal control system on financial statement accountability.

5. DISCUSSION

5.1. The Influence of The Role of Internal Control System on The Financial Reporting Accountability

Based on the results of statistical tests and significance tests stating the role of the internal control system has a significant positive effect on the accountability of financial reporting. The results of the study prove that the environment of control, the value of integrity, ethics, risk assessment, control activities, information, communication and monitoring were considered important by the respondents and went well so that accountability in reporting also became good. The Amil Zakat Institute has understood the importance of a good internal control system and implemented it in the management of its institutions. With the accountability of financial reporting LAZ wants to gain trust from the public.

This finding supports previous research conducted by Nurhasan, Hamidi, and Eko (2013), Jeffry, Putra, and Darmawan (2014), Hamidi and Suwardi (2013), and Nikmatunyah Research (2014) where testing influences the role of internal controls on public accountability simultaneously showing excellent results in financial reporting accountability. The role of internal control can be said to be very good for the amil zakat institution, this is related to good control, information, communication and monitoring activities

5.2. The Compliance with the Application of Zakat Accounting PSAK No.109 moderates the influence of the Role of the Internal Control System on the Financial Reporting Accountability

Based on the results of statistical tests and significance tests stated that the application of zakat accounting PSAK No.109 moderates a significant effect on the role of the internal control system on financial reporting accountability. With the application of PSAK it is expected that uniform reporting, and the simplicity of recording can be realized, so that the public can read the zakat manager's accounting report and oversee its management. In addition, the application of PSAK 109 also aims to ensure that the Amil Zakat Institution has used sharia principles, and how far LAZ has the level of compliance to implement them

6. CONCLUSIONS AND SUGGESTIONS

6.1. Conclusion

The role of the internal control system has a significant positive effect on the accountability of financial reporting. The application of zakat accounting PSAK No.109 moderates the significant influence of the role of the internal control system on the accountability of financial reporting.

6.2. Sugesstion

The Amil Zakat Institution should strive to increase the understanding of the importance of the use and application of zakat accounting PSAK No.109, in order to encourage good and accountable financial statements. It is expected to be able to provide information and insights relating to the potential of infaq and shadaqah zakat that are so large that the role of accountable reporting can increase public trust in the Amil Zakat Institution

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