

## Management of ZIS Funds by Local Government (BAZNAS): A Review from the Perspective of Public Sector Accounting, Sharia and National Asta Cita

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### Abstract

Zakat, Infaq, and Sadaqah (ZIS) have enormous potential as an instrument of social finance in Islam to overcome poverty and inequality in Indonesia. This article analyzes the management of ZIS funds by BAZNAS at the regional level from the perspective of public sector accounting, sharia accounting (PSAK 109), and its relationship with the Asta Cita national development agenda. This research uses a qualitative approach with a multi-case study involving four regional BAZNAS, namely Garut, South Kalimantan, Labuhanbatu, and Tegal, and applies thematic and normative-juridical analysis techniques. The results show that the effectiveness of ZIS management is strongly influenced by transparency in reporting, compliance with PSAK 109, and fiscal support and digitalization from local governments. BAZNAS South Kalimantan is an example of best practice in integrating ZIS with results-based budgeting indicators and Asta Cita. This research recommends the strengthening of Islamic accounting capacity, harmonization of reporting system, and clear linkage between ZIS funds and national development indicators as key strategies to accelerate the role of zakat in creating equitable development.

**Keywords:** ZIS; Local BAZNAS; Public Sector Accounting; PSAK 109; Asta Cita; Outcome-Based Budgeting; Accountability; Local Government Accounting; Sharia Accounting

### 1. Introduction

Poverty and social injustice remain significant challenges in the national development process, especially in developing countries such as Indonesia. One of the instruments considered important in Islam and believed to provide a solution to this problem is zakat, infaq, and sadaqah (ZIS). With proper management, ZIS funds can serve as an effective alternative source of funding to improve community welfare and reduce economic disparities. (Saadah, Pasciana, and Agustina 2023)

Zakat, infaq, and sadaqah (ZIS) play an important role in the Islamic financial system, not only as a form of individual worship, but also as a social mechanism for wealth redistribution and poverty alleviation. In the context of national development, efficient management of ZIS funds can be a key driver in empowering underprivileged communities, supporting the education and health sectors, and creating more inclusive and sustainable economic opportunities.

As a non-structural state institution, the National Amil Zakat Agency (BAZNAS) has a strategic role in the management of ZIS both at the central and regional levels. Law No. 23 Year 2011 emphasizes that BAZNAS is the only official institution established by the state to manage zakat nationally, including the establishment of BAZNAS at the provincial and

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district/city levels. The role of BAZNAS is increasingly important because it is at the intersection of public policy, social responsibility, and Islamic finance. In addition, BAZNAS is also obliged to carry out planning, implementation, control, and reporting functions related to the collection and utilization of zakat (UU RI No 23 in 2011).

In carrying out its role, the involvement of local government is crucial, especially as facilitator, regulator, and supervisor. Government Regulation No. 14 of 2014 and Minister of Religious Affairs Regulation No. 5 of 2016 strengthen the position of local governments in ensuring that the management of ZIS funds in their areas is carried out in accordance with sharia principles, accountable and transparent (PP No. 14 Th 2014). The local government has the responsibility not only in fostering the local BAZNAS, but also in supporting its operational funding through the Regional Budget (APBD) as stipulated in Article 31 of UU No 23 in 2011.

The management of ZIS funds in the regions also has a strong relevance to the national development agenda, especially within the framework of Nawacita or Asta Cita. Several points in Asta Cita are in line with the spirit of ZIS management, including: (1) upholding social justice for all Indonesian people, (2) strengthening bureaucratic reform and clean governance, (3) developing Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state, and (4) realizing economic independence by driving strategic sectors of the domestic economy

By looking at the urgency and complexity, this article raises the research problem such as :

- How is the management of ZIS funds by BAZNAS at the regional level implemented from the perspective of public sector accounting and sharia accounting?
- What is the role of local government in ensuring accountability and effectiveness of ZIS fund management?
- To what extent does the management of ZIS funds support the achievement of the national Asta Cita goals?
- The objectives of this research study are to:
- Examine the governance of ZIS management by BAZNAS in terms of regulations, public sector accounting practices and sharia;
- Analyze the strategic role of local government in supporting effective and equitable zakat management;
- Explore the relationship between the management of ZIS funds and the strategic objectives of national development in Asta Cita

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## 2. Literature Review

### 2.1. ZIS Fund : Definition, Principles and Regulations

Zakat, Infaq, and Sadaqah (ZIS) are very crucial elements in the Islamic financial system. Zakat is an obligation that must be fulfilled by every Muslim, while infaq and sadaqah are voluntary. These three instruments have significant spiritual and social values, as they serve as a means to achieve economic equity and reduce poverty (Maharani et al. 2024).

According to UU No 23/2011 on Zakat Management, zakat is defined as assets that must be spent by Muslim individuals or business entities to be distributed to those entitled to receive in accordance with the principles of Islamic law. ZIS funds include zakat mal, zakat fitrah, infaq, and sadaqah which are regulated in a sharia-based financial system (Saadah et al. 2023).

Technical rules regarding the reporting and recording of ZIS funds are regulated in PSAK 109 issued by the Indonesian Institute of Accountants (IAI). This standard regulates the recognition, measurement, presentation, and disclosure of zakat, infaq, and sadaqah funds with a sharia accounting approach (Budiman and Firmansyah 2021).

### 2.2. Role and Function of Regional Baznas

BAZNAS is a non-structural state institution tasked with collecting and distributing ZIS funds. At the provincial and district/city levels, the Regional BAZNAS was established to carry out this function locally.

The institutional structure of BAZNAS is independent and directly responsible to the President through the Minister of Religious Affairs. In the regions, BAZNAS has a role in planning, implementing and overseeing the collection and utilization of ZIS funds. The relationship between BAZNAS and local government is a partnership, where the government provides budget support, facilitates regulation, and conducts supervision (Saadah et al. 2023).

The challenges faced by the Regional BAZNAS include limited human resources, a reporting system that has not been standardized, and low public awareness to channel zakat through official institutions (Rosmiati and Emba 2023).

### **2.3. Local Government in the Perspektive of Public Accounting**

Local governments have a significant responsibility in encouraging effective ZIS management. This responsibility is in line with public sector accounting principles, which include transparency, accountability, effectiveness, and efficiency in the use of public funds (Maharani et al. 2024).

In Presidential Regulation No. 14 of 2014 and Presidential Regulation No. 12 of 2025 concerning the Role of Local Government, it is explained that the local government acts as a facilitator, regulator, and supervisor for BAZNAS. In addition, local governments also have the ability to allocate support from the Regional Budget (APBD) to support BAZNAS operations and provide technical assistance and guidance (Prabowo-Gibran 2024).

The concept of outcome-based budgeting (OBB) in public sector accounting emphasizes that every budget must be able to have a real impact on society, including in programs aimed at alleviating poverty funded by ZIS.

### **2.4. Akuntansi Syariah and PSAK 109**

Sharia accounting emphasizes the principles of justice, transparency, and blessings in the management of wealth. PSAK 109 is a special standard applied by Zakat Management Organizations (OPZ) to record transactions related to zakat, infaq, and sadaqah (PSAK 109).

The recognition of ZIS funds according to PSAK 109 is carried out when funds are received and allocated to programs that are in accordance with sharia objectives. The distribution of funds must be carried out in accordance with the specified asnaf, and undistributed funds must be reported as a liability (PSAK 109).

A study conducted at BAZNAS Tegal, Labuhanbatu, and Bungo showed that there are still OPZs that have not fully complied with PSAK 109. Common problems faced are the lack of human resources in accounting and the reporting of non-halal funds that have not been managed properly.

### **2.5. Asta Cita in the Perspective of Sosial Development**

Asta Cita as the direction of national policy (Prabowo-Gibran 2024) contains values that are very relevant to the spirit of ZIS fund management. Some of the main ideals that directly overlap :

- Aim 1: Indonesia without poverty – ZIS as a source of funding for poverty and destitute eradication programs.
- 2. Amvition: Reduction inequality – ZIS support redistribution riches
- Aim 4: Bureaucratic reform – by increasing the accountability of Regional BAZNAS.
- Aim 6: Village empowerment – through the utilization of ZIS for MSMEs, agriculture, and village education

### **2.6. Type Of Research**

This research applies a qualitative-descriptive approach with a multi-case study method. This approach aims to describe and analyze in depth how the management of zakat, infaq, and sadaqah (ZIS) funds carried out by the regional BAZNAS, by considering the perspective of public sector accounting, sharia accounting, and its contribution to the achievement of national development goals in Asta Cita. In addition, this research also uses a normative-juridical approach, which focuses on examining the suitability between ZIS management practices and applicable laws and regulations and relevant sharia accounting standards.

### **2.7. Type Of Research Data**

The type of data used in this research is secondary data. The secondary data is obtained from various official sources that have been made available both to the public and in an academic context, which includes:

Legislative documents, including Law No. 23 of 2011 on Zakat Management, Government Regulation No. 14 of 2014, PSAK 109 relating to Zakat and Infaq/Sedakah Accounting, and Presidential Regulation No. 12 of 2025 on the National Medium-Term Development Plan (RPJMN) 2025- 2029.

- Financial reports and annual reports prepared by BAZNAS at the provincial and district/city levels.
- Articles from scientific journals, evaluation reports, and previous research results relevant to ZIS management and financial accountability of zakat institutions

## 2.8. Data Collection Methods

Data collection methods are conducted through two main techniques, namely:

- Documentation study, which includes in-depth review of regional BAZNAS financial reports, audit results, and other supporting documents published by related institutions or available in academic databases.
- Literature study, which is used to obtain theoretical and empirical references from books, scientific journals, and academic articles that discuss public sector accounting, Islamic accounting, Islamic social fund management, and national development policy.

## 2.9. Place of Research

This research was conducted through analysis of four case studies of regional BAZNAS, which were purposively selected based on data availability and variations in aspects of governance, financial reporting, and regional policies, namely:

- BAZNAS of Garut Regency (West Java)
- BAZNAS of South Kalimantan Province
- BAZNAS Labuhanbatu Regency (North Sumatra)
- BAZNAS Tegal Regency (Central Java)

The selection of this location is intended to obtain a diverse picture related to the real conditions of ZIS management in the region.

## 2.10. Data Analysis Technique

The data obtained were analyzed using a qualitative-comparative approach, which included several stages of analysis as follows:

- Thematic coding, which is the grouping of information based on relevant main themes, such as aspects of governance and accountability, compliance with PSAK 109, transparency in reporting, and its relationship with the achievement of Asta Cita
- Case-by-case analysis, which aims to examine in depth the unique characteristics of each regional BAZNAS, including strengths and weaknesses in ZIS management.
- Cross-case analysis, which aims to compare several regional BAZNAS to identify consistent patterns, significant differences, and best practices that can be applied by other institutions.
- Normative analysis, which was conducted by matching the field findings with applicable legal provisions and standards, such as Law No. 23/2011, PSAK 109, and development indicators contained in the RPJMN and Asta Cita.

The entire analysis process is carried out systematically and in depth, to ensure that each problem formulation can be answered accurately and support the achievement of research objectives as a whole and based on valid data

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## 3. Results and Discussion

### 3.1. Management Process and ZIS by Regional Baznas

ZIS management in the four regions studied takes place in three links, namely collection, distribution, and reporting.

In the collection aspect, the most prominent scheme is salary deductions for the State Civil Apparatus (ASN). For example, in Labuhanbatu, salary deductions for civil servants account for more than 70% of the total funds received, while contributions from the general public and companies are still relatively limited. In Garut and South Kalimantan, there are additional online donation channels, retail outlets, and the use of QR-Codes, but the effectiveness of these channels is strongly influenced by the level of zakat literacy in the area (Pasaribu et al, 2023)

In terms of distribution, the four BAZNAS combine consumptive programs, such as cash assistance, basic necessities, and scholarships, with productive programs, such as micro business capital, house renovation, and farmer empowerment. For example, Garut launched the "Garut Makmur Program," which provides business capital and scholarships funded by 35% of the current year's zakat funds (Pasaribu et al. 2023).

On the reporting side, all study objects have implemented the PSAK 109 framework, although the level of reporting depth varies. South Kalimantan routinely publishes the statements of financial position, activities, cash flows, and CALK on its official website every semester Labuhanbatu and Tegal have adopted the PSAK 109 format, but only partially in terms of disclosures, such as non-cash assets and non-halal funds, have not been made consistently. All regions submit regular reports to the governor/regent and BAZNAS RI, but only South Kalimantan attaches a real-time dashboard for the public (Maharani et al. 2024).

### 3.2. Evaluation of Public Sector Accounting

From a public sector accounting perspective, there are three main issues that need to be considered.

- Transparency: Garut and Tegal still use the annual PDF upload method, which results in the public not being able to interactively drill down into the numbers. In contrast, South Kalimantan offers an e-dashboard that links each transaction to relevant program and impact indicators (Maharani et al. 2024).
- Audit: All regional BAZNAS have undergone audits by the Inspectorate or BPKP, but recurring findings, such as delays in bank reconciliation or errors in account classification, have not been followed up with improvements to standard operating procedures (SOPs).
- Local fiscal regulation's support: Although Law No. 23/2011 and Government Regulation No. 14/2014 require operational support, the proportion of the budget from the APBD varies, ranging from 0% to 20% for administrative costs. This disparity in budgets has a direct impact on the availability of human resources in accounting and the quality of reporting produced.
- The concept of outcome-based budgeting has not been fully implemented, with only South Kalimantan linking ZIS funds to extreme poverty reduction and
- indicators contained in the RPJMN. Meanwhile, the other three regions still focus on the absorption of funds, not on the development results achieved.

### 3.3. Evaluation of Sharia Accounting Standard (PSAK 109)

Labuhanbatu and Tegal have separated zakat, infaq/edakah, and amil funds, but reports on changes in funds and disclosures related to non-halal funds are still inadequate.

Meanwhile, Garut does not present a separate activity report, making it difficult to assess the surplus or deficit of each type of fund, although the distribution of funds has followed the eight specified asnaf (Saadah et al. 2023).

South Kalimantan serves as a benchmark, with complete, independently audited reports and online publications equipped with graphs of program realization (Maharani et al. 2024).

One of the common weaknesses found is the mixing of classifications, such as infaq income being recorded together with zakat, which can cause bias in measuring efficiency and trustworthiness.

### 3.4. Integration of ZIS with Asta Cita-RPJMN

ZIS funds have great potential to become a "complementary social budget" for government priority programs. Field findings show (Prabowo and Gibran 2024):

- Cita 1 - Indonesia without poverty: The mustahik revolving capital program in Labuhanbatu and Garut succeeded in increasing the income of recipients by 20-30% in one year.
- Goal 2 - Reducing inequality: The dhuafa scholarships in South Kalimantan and Tegal focus 40% of the infaq fund allocation on secondary/higher education.
- Goal 4 - Bureaucratic reform: Kalsel's transparency dashboard strengthens public accountability and is a model for national replication.
- Goal 6 - Building villages: ZIS synergy with village funds is realized through the "Desa Berdaya Zakat" program in Garut and Tegal-focusing on micro-irrigation and MSME empowerment

Thus, strengthening the public accounting framework-syariah, digitalization of reporting, and budget tagging ZIS to Asta Cita/RPJMN indicators are key so that. The national zakat potential ( $\pm$  Rp 217 trillion) really reduces poverty and inequality.

## 4. Conclusion

The management of ZIS funds by regional BAZNAS has made a significant contribution in supporting the social and economic development of the community, especially in the context of poverty alleviation, community economic empowerment, and increasing access to education. However, the results of various case studies show that the effectiveness of such management is still hampered by challenges in terms of accountability, transparency of reporting, and suboptimal program integration with national development policies.

The role of local government is very strategic in strengthening BAZNAS governance through regulation, fiscal support, human resource development, and systematic supervision. The presence of local governments as facilitators and partners of BAZNAS needs to be continuously improved to ensure that ZIS management is not only in accordance with sharia principles, but also meets the principles of public sector accounting, such as outcome-based budgeting and social efficiency.

ZIS management based on public accounting and sharia will be able to have a broader impact if it is directed to support the achievement of Asta Cita, especially in terms of poverty reduction, strengthening accountable bureaucracy, as well as village empowerment and reducing social inequality.

### 4.1. Waste operation guidance

- Strengthening ZIS Accountability and Governance

ZIS management should be strengthened with the full implementation of PSAK 109, which includes separation of fund types, activity reporting for each fund, and disclosure of non-halal funds. The implementation of an e- dashboard, as done in South Kalimantan, is also crucial to improve transparency and encourage public participation.

- Local Government Support

Local governments need to allocate an operational budget for BAZNAS through the APBD, in accordance with existing regulations. In addition, BAZNAS programs should be integrated into regional policies and the Regional Medium-Term Development Plan (RPJMD), accompanied by strengthening the capacity of human resources in the field of sharia accounting.

- Synchronizing ZIS with Asta Cita

ZIS funds need to be linked to national development indicators through budget tagging. The synergy between ZIS and village funds, education, and food security based on Islamic social justice must also be expanded to support the achievement of Asta Cita goals.

## Compliance with ethical standards

### *Disclosure of conflict of interest*

The authors declare that there is no conflict of interest

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