

A Combination of Audit Opinion and Sharia Compliance in Increasing Zakat (Charitable Alms) Donor Trust in the National Zakat Agency (BAZNAS) Makassar, Indonesia

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ABSTRACT

The purpose of this study is to determine the combination of audit opinions and Sharia compliance in increasing donor trust in the National Zakat Agency (BAZNAS) in Makassar, Indonesia. The type of research used is qualitative research with a phenomenological approach method. Informants include BAZNAS, donors, sharia financial practitioners and religious figures. This research is located at the BAZNAS office and Makassar City area, Indonesia. The results found that the combination of audit opinion and sharia compliance is a complementary examination instrument. Sharia compliance audits complement what is missed and not detected by conventional financial audits, resulting in a more comprehensive report picture of BAZNAS Makassar's financial performance. The impact is able to build public legitimacy / recognition that BAZNAS Makassar is worthy as an authority institution in carrying out zakat management, help ensure that zakat management is carried out professionally, give a positive signal to donors that BAZNAS Makassar has integrity in zakat management, realize transparency commitments, increase the value of accountability as a zakat fund manager and lastly build a positive reputation and image in the community. Zakat institutions that seek to build and maintain the trust of the community and stakeholders are likely to receive greater social support and funds in Zakat fundraising. Trust is a major factor in increasing zakat receipts at BAZNAS Makassar. A positive audit opinion and sharia compliance predicate are a combination of instruments that contribute to increasing BAZNAS Makassar's zakat receipts. The implications of this study provide recommendations to zakat management institutions and philanthropic institutions that have not carried out audit activities to start implementing. For those who have implemented to remain consistent continue. Audit activities are very helpful for zakat institutions and philanthropic institutions to build public recognition and trust. Furthermore, maximizing the use of digital information technology to realize the optimization of transparency and openness of public information.

Keywords: Audit Opinion, Sharia Compliance, Trust, Zakat

INTRODUCTION

The form of government support for zakat management is by making laws on the management of zakat and alms with the hope that in the future zakat and alms management institutions can run well by the provisions and rules that have been regulated in Islamic sharia and the state (Sophisticated et al., 2017). BAZNAS is a public sector institution that has many stakeholders. Consequently, zakat management institutions must be accountable and open about zakat management to all stakeholders (Shahnaz, 2016; Abdullah et al., 2023). The issuance of state law No. 23 of 2011 related to zakat management is increasingly comprehensive so that

it further strengthens the role and responsibility of the National Pengelola Zakat Agency (BAZNAS) as a legal institution in carrying out zakat management activities nationally.

Indonesia's population is in the fourth largest position in the world by being the country with the most Muslim community in the world with 87.18% being Muslim communities (BPS, 2020). This large number of Muslim communities has the potential to be directly proportional to the potential for zakat receipts in Indonesia, but in reality, zakat receipts in Indonesia are still low (Istikhomah & Asrori, 2019). The potential of zakat in Indonesia shows that in 2019 it reached Rp 233.8 trillion while the statistics on the realization of zakat receipts collected on a national scale amounted to Rp 6.7 trillion. This means that in 2019 BAZNAS was only able to collect IDR 8 trillion or around 3.5% of the total potential revenue (Rokib, 2021). This indicates that zakat management institutions in Indonesia have not maximized the confidence of the Muslim community and donors so that their funds will be managed at official zakat management institutions.

One of the causes of low zakat collection in Indonesia is that the level of public literacy towards official and professional zakat management is still low. The Center for Strategic Studies of the National Pengelola Zakat Agency in 2022 released data on the management of zakat funds in non-administrative zakat institutions of around 30 trillion rupiah. This shows that there are still many people who do not know and understand the importance of making zakat payments at official zakat institutions (PUSKAS BAZNAS, 2022). Donors will not distribute their zakat if there is no trust in the institution to manage zakat properly and professionally (Syafei, 2016). The phenomenon of lack of zakat receipt is due to the lack of optimization of zakat fund collection caused by low interest and trust of the public and donors in zakat institutions (Sanep & Hairunnizam, 2004). To improve citizens' trust, employing good governance principles in the public sector is crucial (Abdullah et al., 2023). Trust in zakat institutions will lead to a commitment to pay donor zakat to zakat management institutions continuously. The lack of maximum acceptance of zakat institutions/organizations in Indonesia is ironic for us, considering that Indonesia is a country with the largest Muslim-majority population in the world. The disparity between the potential of zakat and the realization of zakat receipts in Indonesia is very concerning.

Audit is an important instrument to ensure the integrity of financial statements (Sellami & Tahari, 2017). The auditor's opinion is one of the sources of information for internal and external parties of the organization/institution as a guide for decision-making (Yaacob et al., 2013). To increase the trust of donors to channel their zakat through pengelola zakat institutions, pengelola zakat institutions in Indonesia must implement effective sharia audits (Ardi & Rahayu, 2018). Sharia compliance is a perfective effort to foster public trust in Islamic financial institutions (Khalid et al., 2018). Sharia compliance is evidence of the fulfillment of all Sharia principles in an institution to realize governance that does not violate Islamic rules (Kasim et al., 2009). Audit opinions and Sharia compliance checks play an important role in determining the image of zakat institutions and public trust, especially donors.

Several studies document the benefits of complying with financial reporting standards and Islamic compliance. Research (Hodgdon et al., 2008) found that complying with accounting standards (IFRS) reduces information asymmetry and improves the quality of more accurate financial analysis. Research (Kasim et al., 2009) Sharia audit has an important role in the development of Islamic institutions including zakat institutions. In its implementation, each Islamic institution is directed to contribute to the achievement of the objectives of Islamic sharia / maqahasad as-sharia. Research (Marsidi et al., 2017) found compliance with accounting standards is not only the responsibility of a sharia entity but also to obtain recognition/legitimacy. As a result, compliance with accounting standards serves as a control mechanism by stakeholders as well as disclosure of conformity to accounting standards thereby increasing accountability and sustainability of Islamic banks. Research (Ben & Bahloul, 2021) found that disclosure of AAOIFI/accounting standards and corporate Sharia governance compliance helps Islamic bank governance work more effectively, increasing the level of financial reporting and transparency as a safeguard of its

reputation. Research (Yosra & Marwa, 2022) reveals that audit practices in Islamic institutions are significantly related to the level of compliance with accounting and audit authority regulations for Islamic financial institutions. Some of the studies above suggest that sharia auditing and compliance have significant benefits for sharia entities. This study examines audit opinions and sharia compliance audits of zakat institutions as a combination of instruments to increase public and donor trust so that it will have an impact on zakat fund receipts which will increase and reduce the inequality of zakat receipts with the huge potential of zakat in Indonesia.

LITERATURE REVIEW

Compliance Theory

The theory of obedience was proposed by Stanley Milgram in 1963. The meaning of compliance is used to describe the enforcement of rules or compliance with applicable regulations/rules. Compliance is a form of attitude from disobeying regulations to obeying attitudes (Notoatmodjo, 2012). Obedience is the attitude of doing something because of a request or command (Hartono, 2006). The concept of compliance can explain how the compliance of zakat institutions in managing zakat is by sharia principles and reporting standards set by the state.

Legitimacy theory

Legitimacy theory is a theory that explains that the activities of a company always have social relations with the community and the surrounding environment (Mudjianti & Maulani, 2017). Company management must be able to ensure that the operations carried out are always acceptable to the surrounding community, especially associated with norms that are believed and believed by the community, therefore all company activities will be legitimized (accepted) by the community (O'Donovan, 2002). As a public, zakat management institutions will make various efforts to legitimize their position as good zakat managers to be accepted in the community. The efforts of zakat management institutions in legitimizing their position can be shown by improving and improving the activities and management of zakat funds, by the laws and sharia principles. Community legitimacy in zakat institutions is very important because it is related to the level of participation and support in zakat programs and the sustainability of the zakat institution itself.

Audit Opinion

Audit is an examination process carried out critically and systematically by an independent party, on financial statements that have been prepared by management along with bookkeeping records and supporting evidence to be able to provide an opinion on the fairness of the financial statements (Agoes, 2012). The ultimate purpose of the audit process is to produce an audit report, which contains opinions or opinions about the fairness of financial statements. Zakat management regulations in Indonesia explain that zakat institutions report each recording period in the form of financial statements that have been audited by public accounting firms. The audit results in the form of audit opinions are expected to be published so that they can be seen and accessed by the public and stakeholders.

Sharia Compliance

Sharia compliance is the compliance of all activities of Islamic financial institutions with Sharia principles, including financial statements, products, IT use, operating processes, parties involved in Sharia financial institution business activities, documentation and contracts, policies and procedures, and other activities that require compliance with sharia principles (Yaacob et al., 2013). Sharia compliance is the adherence of a Sharia institution to the rules of Sharia principles. Sharia compliance is a manifestation of the fulfillment of all Sharia principles in an institution by showing the character, integrity, and credibility of a Sharia

institution (Masni, 2019). Sharia compliance is the main factor that must be fulfilled by financial institutions that carry out operational activities based on Sharia principles, especially zakat management institutions, the main basis of management, namely sharia principles. For zakat management institutions such as BAZNAS, compliance with Sharia provisions is the main prerequisite for the operation of the institution. Sharia compliance ensures that the policies, provisions, systems, and procedures carried out by zakat management institutions are by the provisions of Islamic Sharia

Zakat

Zakat is one of the obligations in Islam. The law of zakat is obligatory on every Muslim who has fulfilled the requirements. The linguistic understanding of zakat is sacred, growing, developing, and blessing. While in terms of zakat is the taking of certain properties, according to certain characteristics, and to be given to certain groups (Mu'is, 2011). Zakat is a wealth owned by every human being that is a trust from God and functions socially to fellow humans (Hisan et al., 2020). Zakat is a legal instrument that is a voluntary instrument to serve the poor and for people in need to achieve social welfare (Mikail et al, 2017). Zakat contains moral, social, and economic aspects. In the moral aspect, zakat erodes the greed and greed of the rich group. In the social aspect, zakat acts as a special instrument given by Islam to eliminate poverty in society by making rich groups aware of their social responsibilities. Opinions in the economic aspects of zakat prevent the accumulation of wealth in the hands of a few, allow wealth to be spread before it has time to become large, and are very dangerous in the hands of its owners (Mubarok, 2015). The basis of Sharia is that paying zakat is an obligation for Muslims who have fulfilled the requirements of zakat. Zakat is cashed by donors through zakat management institutions or directly handed over to zakat recipients

Donor Trust

Indonesia is a country where the majority of citizens are Muslims, which means the potential for zakat is also very large. To achieve this potential, professional management of zakat institutions and moral and material public support are needed (Rozalinda, 2015). The factor causing the insignificance of the realization of zakat with the existing zakat potential is, first, the low understanding and awareness of Muslims about the obligation to pay zakat. Second, the low interest the public to deposit their zakat to government institutions and zakat managers, because there are so many zakat institutions that have not been fully transparent or sometimes do not provide clear information on the usefulness of the zakat they pay, so donors choose to pay zakat directly to eligible recipient communities (Ayuningtyas & Sari, 2020). The lack of optimization of zakat fund collection is due to donors choosing to distribute zakat directly to recipients, causing injustice and irregular distribution of zakat in the community.

Trust is fundamental in social interaction. Trust must be built because it does not suddenly appear. The business perspective of trust is an instrument to facilitate business relations between sellers and buyers to create buyer satisfaction (Yousafzai et al., 2003). When a person makes a decision, he will prefer decisions based on the choices of people he can trust more than those who are less trusted (Moorman et al., 2010). The concept of zakat management, and donor trust has a very important role in increasing the acceptance of zakat institutions. Trust is a key element in zakat fundraising. When donors have high trust in zakat institutions, they are more likely to give zakat voluntarily (Yusra & Riyaldi, 2020). Donors who put their trust in zakat management institutions become important capital in optimizing zakat collection. Furthermore, the collected zakat funds play a role in realizing community welfare. Therefore, studies related to donor trust in paying zakat are very important to be carried out on zakat management institutions.

RESEARCH METHODS

The type of research used is qualitative research with a phenomenological approach method. The data in this study uses primary data obtained from observation, documentation, and in-depth interviews as well as

secondary data as a complement such as relevant literature related to research problems, namely literature such as books, scientific journal articles, the official website of BAZNAS, and other related sources. Informants include BAZNAS, donors, sharia financial practitioners and religious figures

Data analysis was conducted in this study using the phenomenological method of data analysis (FDA). Data analysis is used to minimize and limit findings so that they become organized, structured, more organized, and more meaningful data. The stages of analysis consist of the following steps (Moleong, 2017) :

1. Data Reduction

At the data reduction stage, researchers will collect as much research data as possible through observation methods, in-depth interviews, or from various documents related to the subject under study. The results obtained are separated and classified on each relevant data according to the focus of the research problem.

2. Display / Data Presentation

The presentation of data describes and describes in a structured manner and together so that the data obtained will be systematic in order and can explain or answer the topic of the problem under study.

3. Drawing Conclusions

Conclusion drawing is a follow-up analysis and is one part of data reduction, and data display so that researchers can conclude according to data or facts found in the research process.

This research is located in the office of the National Zakat Agency (BAZNAS) and the Makassar City area, Indonesia.

DISCUSSION AND FINDINGS

1. Combination of Audit Opinion and Sharia Compliance in Increasing Zakat Donor Trust

Financial audits and sharia compliance audits have different objectives and scopes but they can work together to ensure better governance in zakat institutions. The combination of financial audits and sharia compliance audits can make a positive contribution to zakat institutions which are organizations with an operational basis by sharia principles. As stated by Mr. Badal Awan as head of Finance and Reporting of BAZNAS Makassar :

“Sharia compliance audits focus on ensuring that financial operations and transactions are by Sharia principles. This includes checks to ensure that transactions do not involve elements of riba (interest), gharar (excessive uncertainty), maysir (gambling), or other violations of Sharia principles that are not detected by financial audits. As related to the collection of zakat funds, Sharia compliance checks are required to use Islamic banks. Then related to the receipt and distribution of non-halal funds which are also not regulated in financial audits”

Based on the results of the interview above, Sharia compliance audits complement what is missed and not detected by conventional financial audits, namely in terms of ensuring that financial transactions are by sharia principles. Sharia compliance audits ensure that the financial activities of zakat institutions do not contain anything else that is not by sharia principles. Therefore, the combination of financial audits and sharia compliance checks makes these two instruments complement each other.

Conventional financial audits provide confidence in the accuracy of financial statements and the reliability of financial data. Meanwhile, Sharia compliance audits provide confidence that the operations of Zakat

institutions comply with Sharia values and principles that are important to maintain the integrity of Zakat management institutions and donor trust. Financial audit and Sharia compliance audit are a combination of examinations at zakat institutions that are very comprehensive. As stated by Mr. Dr.Ir.H. Idris Parakkasi a religious figure, academic, and practitioner in Islamic financial institutions, stated that :

“Financial audits conduct checks related to the accuracy and reliability of financial statements, while sharia compliance audits evaluate the level of compliance with sharia principles. So that the output of these two instruments produces a more comprehensive report picture of BAZNAS Makassar’s financial performance”

Sharia compliance audits are additional information that is indispensable for zakat institutions to meet public expectations that zakat funds are managed not only in accordance with financial rules but also have fulfilled religious obligations. As a result, donors who are satisfied with the performance of zakat institutions will be more loyal to donate sustainably. As stated by Mrs. Azizah as a donor :

“Sharia compliance audits provide additional confidence and give spiritual satisfaction to us donors that the donated zakat funds are managed on target in accordance with sharia principles, thus making us loyal and trusting to make donations continuously”

The implementation of financial audits and Sharia audits is very important as a form of legitimacy and professionalism for Sharia institutions, especially zakat management institutions. This audit activity shows that zakat institutions carry out professional fund management practices by Sharia principles and by applicable accounting standards so that they become one of the instruments to increase public trust in zakat institutions. Public recognition and trust in the authority of zakat institutions in managing zakat funds helps strengthen the legitimacy of zakat institutions in the eyes of donors and the public. This is as expressed by Dr.Ir.H. Idris Parakkasi a religious figure, academic, and practitioner in Islamic financial institutions, who stated that :

“Good/positive audit results show that zakat institutions carry out professional fund management practices by sharia principles and by recognized accounting standards. Public recognition and trust in the authority of zakat institutions in managing zakat funds helps strengthen the legitimacy of zakat institutions in the eyes of donors and the general public as potential donors”

The legitimacy of the community towards the zakat institution reflects the position of the zakat institution where the community is. BAZNAS Makassar’s financial audit and Sharia compliance audit activities received positive recognition from donors that BAZNAS Makassar’s zakat management was good and did not violate Islamic principles. This was conveyed by Mr. Arham as the donor :

“Financial audit and sharia compliance audit activities are very positive activities and at the same time as a forum for proving that BAZNAS Makassar’s zakat management is on the right track according to state and religious regulations”

The existence of audit opinions and certification of sharia compliance of BAZNAS Makassar is our management’s way to build and maintain public recognition (legitimacy) that BAZNAS Makassar is worthy of managing zakat so that people are interested in donating. This was conveyed by Mr. Badal Awan the head of Finance and Reporting of BAZNAS Makassar :

“Apart from being ordered by law, financial audit activities and sharia compliance audits are ways for us management to show the public that BAZNAS Makassar manages zakat well to build community recognition (legitimacy)”

The implementation of financial audits and Sharia audits helps ensure that zakat management is carried out

professionally and by Islamic Sharia rules to build trust in donors. Financial audits and Sharia audits indicate clear policies and procedures related to the collection, management, and distribution of zakat. This was conveyed by Mr. Fadli as the donor:

“The implementation of financial audits and sharia audits helps us as donors provide information and assurance that the zakat institution is running well and professionally. Financial audits and Sharia audits that go hand in hand mean that the policies and procedures carried out in managing zakat do not violate applicable rules and religious rules so that it builds our trust as donors to BAZNAS”

The practice of audit activities at BAZNAS Makassar is a representation of professional fund management because an independent and professional examination stage has been carried out both in terms of presenting financial statements and aspects of Sharia compliance. Audit activities help ensure that the management of zakat funds is used by the rules of law and does not violate sharia principles. The existence of consistent audit activities carried out periodically is a manifestation of responsibility and commitment as a manager of Zakat to the value of integrity so that public trust will increase and increase public participation to donate. This was revealed by Mr. Awal Chairman of BAZNAS Makassar.

“All audit activities, both financial audits and sharia audits, are orders of the law. Audit implementation is a form of accountability to stakeholders and the wider community and also represents our commitment as a manager to the value of integrity. This activity is carried out with one of the goals to maintain public trust in the Makassar BAZNAS Institute so that public participation in donating is higher”

The existence of financial audit activities and sharia audits that are consistently carried out will give a positive signal to donors that BAZNAS Makassar has integrity in zakat management. The results of a good audit illustrate that the management of Zakat funds is carried out honestly and ethically without violating legal and social norms. This was conveyed by Dr.Ir.H. Idris Parakkasi a religious figure, academic, and practitioner in Islamic financial institutions, who stated that :

“With continuous financial audits and sharia audits, the public and various other related parties can have stronger confidence and trust in zakat institutions because of the signal conveyed that there are independent and professional examinations that ensure the management of zakat funds is carried out honestly and ethically without violating legal and social norms”

The activities of checking financial statements and checking Sharia compliance with good results prove to donors that zakat management institutions do not commit fraud and misuse of funds. This is a manifestation that the institution upholds the value of integrity in zakat management. As stated by Mr. Ario as a donor :

“A good sharia audit and compliance is a form of proof that BAZNAS Makassar upholds the value of integrity values with guarantees from audit opinions and sharia compliance checks that BAZNAS Makassar has not committed fraud and misuse of funds”

The existence of digital information instruments such as the official website and social media of BAZNAS Makassar that provide information on zakat fund management, financial statements, audit reports, and social assistance programs, can make donor donation decisions stronger and wiser. Donors choose to give zakat to zakat institutions that are transparent and proven to manage zakat funds well by passing the professional verification stage (Audit). This is as conveyed by Mr. Ahdar as a donor :

“Information on zakat fund management, financial statements, social assistance programs, financial audit results, and sharia audits published publicly through the official website and social media of BAZNAS Makassar is one of the bases for the decision to donate. Our view is that zakat institutions that have carried

out financial and sharia audits mean that they have passed the verification stage professionally”

Publishing various information on social media, print media, and official websites is a form of transparency of Baznas Makassar to show that zakat funds are managed openly, and to build strong trust for the community, especially donors. Digital information instruments are also used to receive input and questions from donors and the public, including providing zakat calculation services. As explained by Mr. Badal Awan the head of Finance and Reporting of BAZNAS Makassar :

“The results of financial audits and sharia compliance checks are published on social media, print media, and the official website of Baznas Makassar. In addition to opening access to information, digital information instruments are also used to receive input and questions from donors and the public, including providing zakat calculation services. One of the goals is to show that zakat funds are managed openly, hopefully, to build strong trust for the community, especially donors”

Publishing the results of sharia audits and compliance is a manifestation of the commitment of zakat institutions to the value of transparency so that the public sees and assesses the performance of Baznas zakat management through the results of audits and sharia compliance that have been published to motivate the public to donate. This was revealed by Dr.Ir.H. Idris Parakkasi a religious figure, academic, and practitioner in Islamic financial institutions, who stated that :

“The publication of audit results and sharia compliance is a form of information disclosure of BAZNAS Makassar so that the public can see and assess the performance of zakat management by Islamic rules and teachings, thus making the public motivated to donate”

The audit requires zakat institutions to present accountable financial information and statements. The existence of an audit shows the commitment of zakat institutions responsible for open zakat management. This is as stated by Mrs. Rahma as a donor :

“The audit process will examine reports and information that are ready to be accounted for by the zakat management. This is a manifestation of BAZNAS MAKASSAR’s accountability commitment as a zakat manager”

Financial audits and Sharia compliance checks will increase the accountability value of Zakat fund management. Audit activities help ensure that zakat institutions are responsible for the management of zakat and that zakat funds are managed according to financial rules and Islamic principles. Accountability shows that zakat institutions manage zakat properly. This was conveyed by Dr.Ir.H. Idris Parakkasi a religious figure, academic, and practitioner in Islamic financial institutions, who stated that :

“Financial audits and sharia compliance checks are a forum that helps zakat institutions to become more accountable. Zakat management based on accountability values will get a good response from the community because it will build public perception that zakat is managed correctly and by applicable regulations”

The same thing was also conveyed by Mr. Arman as a donor :

“The existence of financial statements and audit results that are published regularly shows the accountability attitude of BAZNAS Makassar. The public can see openly the source, distribution, and beneficiaries of the donated funds”

Financial audits and Sharia compliance checks are steps taken by zakat institutions to build a good

reputation and a positive image in the community. Through the media audit and Sharia compliance will create a perception in the community that credible and accountable zakat institutions manage zakat funds. This was conveyed by Mr. Badal Awan :

“Financial audits and sharia compliance checks are our efforts by BAZNAS Makassar to build a good reputation and positive image in the community so that it will create a public trust to donate because of the building of a credible and responsible Zakat institution reputation”

Financial audits and sharia compliance checks conducted on an ongoing basis are an excellent combination to build a good reputation and a positive image. Both of these are a form of affirmation to all stakeholders that the Zakat institution is committed to carrying out the values and principles of good zakat management according to the rules. This was conveyed by Dr.Ir.H. Idris Parakkasi :

“Financial audits and sharia compliance checks are consistently an epic combination to affirm to various stakeholders that BAZNAS Makassar is committed to the values and principles of good zakat management so that it will build a good reputation and a positive image of the institution”

Audit opinion and label of sharia compliance zakat institution is a form of appreciation or recognition from independent organizations, in this case, public and government auditors, in this case, public and government auditors, in this case, sharia auditors as recognition of good practices and according to rules in the management of zakat funds so that a positive image will be built in the community. This can help zakat institutions to get community support and donations. This was conveyed by Mr. Malik as a donor :

“Our view is that BAZNAS Makassar is very good at running zakat programs because it has been proven to get awards and recognition from financial auditors and sharia auditors that BAZNAS Makassar runs zakat management well and by sharia so we do not hesitate to donate”

Compliance theory is an approach that focuses on enforcing rules, regulations, and policies that apply to an organization or institution including zakat institutions. One of the main objectives of financial audits and Sharia compliance checks is to ensure that zakat institutions have complied with applicable rules and regulations related to zakat management. Compliance theory is related to BAZNAS Makassar’s Sharia audit and compliance activities. The results of financial audits and sharia compliance are used to verify the level of compliance with applicable accounting standards and financial regulations as well as compliance with the Islamic principles of Baznas Makassar in managing zakat.

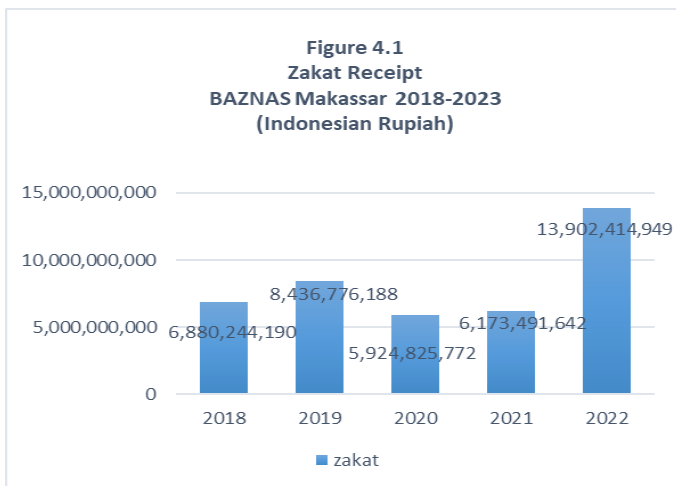
Thus, compliance theory has an impact on the implementation of BAZNAS Makassar’s Sharia compliance financial audit. In the context of zakat institutions, maintaining compliance with Sharia principles and applicable rules related to zakat management is fundamental to building public trust and legitimacy so that they are motivated to donate.

Legitimacy theory explains how an organization meets the expectations of stakeholders. The combination of audit opinion and Sharia compliance helps BAZNAS Makassar ensure that the expectations of stakeholders have been met. Legitimacy theory can explain how BAZNAS Makassar builds and maintains the legitimacy of donors, communities, and stakeholders. Through audit opinions and Sharia compliance, zakat institutions provide information to donors, the public, and stakeholders that the management of zakat funds is carried out professionally, with integrity, transparency, and accountability by Islamic rules and principles.

The Legitimacy Theory approach is relevant to BAZNAS Makassar’s efforts in legitimizing its position to stakeholders and the community. This can be seen from the continuous Sharia audit and compliance activities which then give birth to positive audit opinions and sharia compliance predicates to provide legitimacy that BAZNAS Makassar carries out the management of zakat funds properly and according to the

rules. The legitimacy theory in this study implies the audit and Sharia compliance opinion conducted by BAZNAS Makassar as a way to gain recognition (legitimacy) and trust from donors to get social and financial support from donors, the community, and stakeholders.

Trust is an important element in financial and philanthropic affairs. Trust will build a person/group’s loyalty to an entity (Abrani et al., 2018). The trust of donors (donors) has a very important role in increasing zakat acceptance by zakat institutions (Mahmudi & Prastmawati, 2020). When donors have high trust in zakat institutions, they tend to be more motivated to give zakat voluntarily (Syafei, 2016). Zakat institutions that seek to build and maintain the trust of donors, communities, and stakeholders are likely to receive greater social support and funds in zakat fundraising. Trust is a major factor in increasing zakat receipts at BAZNAS Makassar.



Source: Data Processed

The graph above is the data on BAZNAS Makassar zakat receipts. This graph aims to display the trend of receiving BAZNAS Makassar zakat funds over five years, starting from 2018-2022. In 2018, the total receipt of zakat, amounted to IDR 6,880,244,190, while in 2022, the amount increased to IDR 13,902,414,949. This shows a two-fold increase in acceptance. This acceptance had decreased in 2020 due to the Covid-19 pandemic outbreak but rose again the following year. Overall, BAZNAS Makassar’s zakat receipts have increased significantly over the past five years. A positive audit opinion and Sharia compliance predicate are a combination of elements that contribute to increasing BAZNAS Makassar’s zakat receipts.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

1. BAZNAS Makassar’s financial audit gets a fair opinion without exception, the impact is that donors are more confident and motivated to donate because their funds are managed accountably and by applicable accounting regulations.
2. The results of Baznas Makassar’s Sharia compliance examination, namely Sharia Compliance, have an impact on providing a sense of spiritual satisfaction for donors, making donors more confident that the zakat funds they donate are managed properly according to religious regulations. People also increasingly feel safe that their funds are managed without violating sharia principles.
3. The implementation of a combination of audit opinion and sharia compliance is a complementary instrument. Sharia compliance audits complement what is missed and not detected by conventional financial audits, resulting in a more comprehensive report picture of BAZNAS Makassar’s financial

performance. The impact of conducting financial audits and sharia compliance checks can build public legitimacy/recognition that BAZNAS Makassar is worthy as an authority institution in conducting zakat management, help ensure that zakat management is carried out professionally, give a positive signal to donors that BAZNAS Makassar has integrity in zakat management, realize transparency commitments, increase the value of accountability as a zakat fund manager and the last Build a positive reputation and image in the community.

Zakat institutions that seek to build and maintain the trust of donors, communities and stakeholders are likely to receive greater social support and funds in zakat fundraising. Trust is one of the factors in increasing zakat receipts at BAZNAS Makassar. A positive audit opinion and sharia compliance predicate are a combination of elements that contribute to increasing the receipt of zakat, infak/alms BAZNAS Makassar.

Recommendations

1. The results of this study provide recommendations and suggestions to zakat management institutions and philanthropic institutions that have not carried out financial audit activities and sharia compliance checks to be able to start implementing. For Zakat management institutions and philanthropic institutions have implemented to remain consistent in continuing. Audit activities are very helpful for zakat institutions and philanthropic institutions to build public recognition and trust as institutions that are responsible and have integrity in managing public funds.
2. The results of this study provide recommendations and suggestions to zakat management institutions and philanthropic institutions to maximize the use of digital information technology to realize the optimization of transparency and openness of public information.

The results of this research are expected to have theoretical implications as reference material and literature for zakat management institutions, the government as a regulator, the community, and academics. Furthermore, it can be input and recommendations on financial governance related to auditing financial statements and sharia compliance of zakat management institutions so that they can contribute to advancing better zakat governance, increasing social impact, building the trust of donors, the community, and stakeholders.

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