

# Analysis of Accountability and Transparency of Waqf Management in Realising the SDGs of Quality Education Points

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## Abstract

This study focuses on waqf, which specifically analyses the accountability and transparency of waqf management in accordance with PSAK 112 in realising the achievement of the Sustainable Development Goals (SDGs) on quality education points. This study uses qualitative methods with data collection techniques through interviews, observation, and documentation. The participants in this study were waqf management institutions in Banyumas Regency including Muhammadiyah, Nahdlatul Ulama, and Al-Irsyad. The results of this study, Nazir has not fully understood and implemented PSAK 112. Waqf has also played a role in realising quality education, although it is still limited to waqf of immovable objects in the form of land used by educational institutions in Banyumas Regency. Policy implications include the need for outreach, training and coaching to Nazirs regarding the implementation of PSAK 112 so that waqf management can be more productive and quality education can be realised. This study implies that accountability and transparency play a role in realising the SDGs of quality education.

## Keywords

Waqf, Accountability, Transparency, SDGs, Quality Education

## INTRODUCTION

Based on PSAK 112, waqf assets are waqf assets in the form of both movable and immovable objects. In Law No. 41 of 2004, it is stated that waqf is utilised forever or for a certain period of time in accordance with its interests for the purposes of worship and public welfare according to sharia. Meanwhile, the technical guideline book for the preparation of the Sustainable Development Goals (SDGs) action plan explains the objectives of the SDGs in the form of development to improve people's welfare in a sustainable manner that maintains the sustainability of people's social life, the environment and ensures justice and the implementation of governance that is able to maintain the improvement of the quality of life from one generation to the next (Ministry of PPN, 2020). It can be concluded that waqf and Sustainable Development Goals (SDGs) basically have the same goal of realising the welfare and benefit of society in all aspects of life.

The classification of waqf is based on the level of productivity of waqf, which is divided into two categories: productive and non-productive. Productive waqf is holding assets to be empowered in forms of production or other forms that can generate more benefits, according to the purpose of waqf without reducing the core waqf assets (Sulistiani et al., 2016). Productive waqf is a form of waqf development that leads to the economy. The development is carried out by utilising movable and immovable waqf assets or properties. Productive waqf consists of cash waqf and project waqf, such as cash waqf, agricultural waqf, economic waqf, and so on. Meanwhile, non-productive waqf is waqf collected from the community whose management does not produce or increase social contributions to society. The management of non-productive waqf is only financed by donors. Non-productive waqf consists of waqf items that are directly given to mauquf alaih, such as blind stick waqf, wheelchair waqf, well waqf, and so on.

Based on the time aspect of waqf management, it is divided into two categories: temporary and non-contemporary waqf. Temporary waqf is a waqf asset in the form of cash that is handed over by the waqif to the nazir to be managed and developed within a certain period of time. The results of the management and development of temporary waqf assets for a certain period of time will be used for mauquf alaih. After a certain period of time, the cash waqf assets will be returned to the waqif. Meanwhile, non-contemporary waqf is a waqf asset in the form of cash that is handed over by the waqif to the nazir to be managed and developed for a perpetual period.

Various previous studies have shown the wide scope of waqf utilisation in various fields. In the field of education, waqf and education have a very close relationship and influence each other. Their interrelationship can be seen from several aspects such as purpose, process and long-term effects that enable them to form new meanings and trigger major phenomena for society and the country. Waqf not only helps the government reduce the financial burden or assists the management at educational institutions in managing operational costs or helps students finance tuition fees and educational activities, but more importantly it makes educational institutions have financial and intellectual autonomy (Md Nawī & Ismail, 2018).

The potential in waqf management and development is very important to highlight. The potential of education in Banyumas Regency is shown by the number of educational institutions in Banyumas Regency. Based on data from BPS Banyumas Regency, there are 811 elementary schools, 188 Madrasah Ibtidaiyah, 159 junior high schools, 59 Madrasah Tsanawiyah, 15 Madrasah Aliyah, 37 high schools, 79 vocational schools, and 14 universities. However, based on data from the Ministry of Religious Affairs of Banyumas Regency in 2018, waqf assets in Banyumas Regency are quite large, namely 1,248,200 m<sup>2</sup> of land and not including cash waqf and other movable waqf. The inadequacy of waqf management in Banyumas Regency is due to the lack of productive waqf empowerment movement, so that the use of waqf land is used only for worship purposes.

The existence of waqf and its empowerment is highly dependent on the nazir. Nazir is the party that receives waqf property from the waqif to be managed and

developed in accordance with its designation. Waqf management can be optimally directed and fostered if the nazir is trustworthy and professional (Kasdi, 2014). Good governance will create accountability and transparency so as to increase public trust. Trust is an important indicator of customer satisfaction with Islamic financial institutions, especially waqf institutions.

Accountability and transparency are important issues in waqf management institutions, as they relate to the value of public trust, which is social capital. Accountability is the obligation of the trustee to the party who has given the trust to provide accountability, present, report, and disclose all activities and activities that are the responsibility of the trustee (Mardiasmo, 2002). Accountability in productive waqf management refers to the responsibility of waqf managers to ensure that funds are used for their intended purposes and in accordance with Islamic values and principles. Meanwhile, transparency is the submission of reports to all relevant parties openly, about the operation of a management by involving all elements as a basis for decision making and the process of implementing activities (Mardiasmo, 2010). Transparency in productive waqf management involves providing clear and accessible information about waqf and its use to stakeholders, including waqifs, beneficiaries, and the general public. This includes information on the amount of funds generated by the waqf, how the funds are utilised, and the impact of the waqf on society.

In improving accountability and transparency, nazirs are required to prepare financial reports in accordance with applicable standards. The presence of the Statement of Financial Accounting Standards (SAK) PSAK 112 concerning Waqf Accounting which has the aim of providing arrangements regarding recognition, measurement, presentation and disclosure of waqf transactions carried out by waqf entities. The financial statements prepared by nazir in waqf management institutions must be adjusted to sharia PSAK so that the public can find out the effectiveness of accountable and transparent financial statements towards achieving public trust.

The objective to be achieved in this study is to be able to analyse the suitability of the financial statements prepared by the nazir with sharia PSAK so as to determine the effectiveness of accountable and transparent financial statements towards achieving point 4 of the SDGs for quality education which can

later be used as a basis for formulating strategic models and draft waqf management policies in order to achieve point 4 of the SDGs for quality education.

Therefore, the output that can be generated theoretically can be used as learning material to find out accounting reports based on Sharia PSAK as a form of nazir accountability and transparency in waqf management, while practically, of course, knowing this, can be useful and contribute to waqf management institutions to be more responsible and pay attention to the value of accountability, transparency in preparing financial reports on waqf assets in order to create optimal, effective, and trustworthy waqf management.

The theory or literature review that forms the basis of this research is based on the theory of phenomenology and waqf according to Sharia PSAK. In phenomenological theory, Phenomenology is a modern perspective on the human world, in which intersubjective marks all modern thought and brings it into deep and ongoing awareness. Therefore phenomenology offers a correction to the concept of positivism, and research methods that justify the entire discovery of phenomenological issues. Phenomenology is theoretically oriented, not producing a reduction of experience, but rather a metasociological level that shows its opinion through descriptive analysis of self-procedures, situational and social constitutions, as a manifestation of symptoms of experienced human consciousness (Suhartini, 2021). The purpose of this phenomenological philosophy study is to provide a foundation for philosophy so that it can function as a pure and autonomous science. In addition, the purpose of phenomenology is to understand the phenomena experienced in conscious thought and action. The field of phenomenological research is the stream of consciousness, through intentionality everything that is hidden after going through reduction, becomes clear and clear when reflection is carried out (Suhartini, 2021).

Meanwhile, in the theory of waqf according to Sharia PSAK, in PSAK 101 concerning Presentation of Sharia Financial Statements (Sharia Accounting Standards Board, 2016) Financial statements are structured presentations of financial statements and financial performance of an Islamic entity that aim to provide information about the financial position, financial performance, and cash

flows of Islamic entities that are useful for users of financial statements in making decisions. Nazir makes a waqf management financial report as a form of accountability to stakeholders. Based on PSAK 112 on Waqf Accounting, a complete nazir financial report includes a statement of financial position, a statement of details of waqf assets, a statement of activities, a statement of cash flows, and notes to the financial statements.

Meanwhile, the results of previous studies that underlie this research include a study entitled "Accountability and Transparency of Waqf Management Institutions Through Waqf Core Principle and PSAK 112" by Aryana (2021). The purpose of this study is to determine how the application of the Waqf Core Principle and PSAK 112 can increase the accountability and transparency of waqf management institutions. The method in this research is a qualitative method with a literature study approach (library research), by collecting data in the form of books, manuscripts, or magazines that are relevant to the object of research or collecting data in the form of literature, to solve a problem which is basically based on a critical and in-depth review of relevant library materials. The result of this research is the application of Waqf Core Principle (WCP) and PSAK 112 waqf accounting can create accountability and transparency of waqf management institutions. The Waqf Core Principle has 29 principles related to the systematics and standards of the supporting elements of the waqf system, while PSAK 112 on waqf accounting is used as the basis for analysis of various waqf transactions presented by nazir organisations/legal entities and waqf organisations/legal entities and becomes an instrument that can assess the quality of nazir reporting that is accountable, transparent, and well documented.

The research entitled "The Role of Cash Waqf in Empowering Education" by Syamsuri and Yusuf Manaanu, (2021). The purpose of this study is to determine the role of cash waqf in empowering education that has been realised in several waqf institutions. The method used in this research is a qualitative method with a descriptive analysis approach to explain the implementation of cash waqf in empowering education. The result of this research is that waqf is proven to be able to alleviate poverty and improve people's lives in all fields, one of which is education. In Indonesia, there are educational institutions that are growing rapidly with the waqf

empowerment programme. For example, Pondok Pesantren Modern Darussalam Gontor which was endowed in 1958, Pondok Modern Tazakka which provides a zakat counter to facilitate muhsinin and wakif in distributing their cash zakat, and Pondok Pesantren Tebuireng as a source of income of 90% from productive waqf so that they can benefit from the productive waqf.

Overall, the phenomenon of accountability and transparency in productive waqf management is crucial to achieving the quality education SDGs. Achieving the quality education SDGs point requires a focus on improving the quality of education provided in educational institutions financed by productive waqf by ensuring that educational institutions operate in a transparent and accountable manner. To achieve this goal, it is important for those who manage productive waqf to develop a strong system of accountability and transparency. This research will focus on analysing the accountability and transparency of productive waqf management that runs in Banyumas district waqf management institutions with the title "Analysis of Accountability and Transparency of Waqf Management in Realising the SDGs of Quality Education Points".

## RESEARCH METHODS

This research is a qualitative research that took place in waqf management institutions in Banyumas Regency, namely Muhammadiyah with the address on Jalan dr. Angka No.1, Sokanegara, East Purwokerto;

PCNU Banyumas on Jalan Sultan Agung No. 42, Karangklesem, South Purwokerto; and LPP Al Irsyad on Jalan Jatiwinangun, East Purwokerto.

This qualitative research uses direct observation in obtaining data sources. To obtain data, several data collection techniques were used such as interviews, observation, and documentation. Primary data sources are data obtained by observation and in-depth interviews with informants offline. The interviews will be audio-recorded and transcribed verbatim for analysis. Secondary data is in the form of content analysis which contains an analysis checklist regarding the accuracy of financial statements addressed to waqf managers and the surrounding community.

The research adhered to ethical principles, including obtaining consent from participants, ensuring confidentiality and anonymity, and minimising potential harm or distress to participants. This research uses analyses derived from data captured in the data collection process, namely recording and note-taking, literature review, and interviews. To achieve this, a data analysis technique in the form of content analysis was used to analyse the conformity of financial statements with Sharia PSAK.

The content analysis consists of three streams of activities that occur simultaneously (Miles & Huberman in Asri, 2020). These components consist of data reduction, data presentation, and conclusion drawing/verification. After the data is reduced and concluded, it is then analysed.

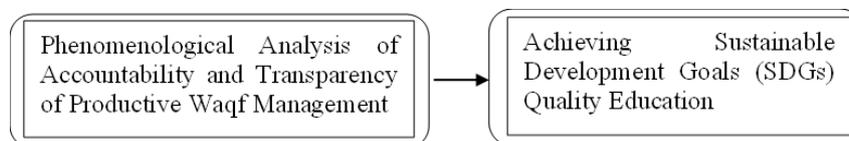


Figure 1. Research inference technique

## RESULTS AND DISCUSSION

### Results

Waqf management institutions (Muhammadiyah, NU, and Al-Irsyad) in Banyumas Regency have standards and systematics in their management. Based on the research that has been conducted, the research results are as follows.

#### *Muhammadiyah*

A waqf management institution that has a union nazir certificate and is tasked with managing waqf assets, especially land, in

collaboration with the business and tourism economic assembly, community empowerment assembly, and LazisMu. The number of waqf assets managed by the Muhammadiyah Waqf Empowerment Council includes productive and non-productive waqf. Productive waqf such as education waqf, rice field waqf, plantation waqf, and so on. As for non-productive waqf such as mosques, prayer rooms, and so on. Based on information from Mr Mathori as the administrator of the Waqf Empowerment Council, he stated that:

*"Muhammadiyah's waqf acceptance process is also very selective, tailored to the needs. This happens because managing waqf requires considerable costs such as maintenance, measurement, certification, and so on. In addition, land asset certificates also differ depending on the type of pledge recorded on SIMAM (Muhammadiyah Asset Management Information System). If the pledge is a grant then the status is freehold, if the pledge is waqf then the certificate is waqf, and if it is an internal purchase of land then the deed of sale and purchase."*

Muhammadiyah has made a financial report that is incorporated with LazisMu. The financial statements are not recorded separately due to the lack of awareness of each branch regarding the inability of financial recording and auditing so that all management is centred on LasizMu. The cost of measurement, certification, maintenance, and so on will also complicate the management and recording procedures. This certainly has an impact on accountability and transparency, the implementation of which is less than optimal. This is as stated by informant Mr Mathori that:

*"Muhammadiyah branches report data related to waqif and waqf objects to Muhammadiyah Banyumas. The cost of measurement, certification fees, etc. will be incurred by lazis or directly from the donor or the beneficiary. In addition, transparency uses a cost model charged to the beneficiary."*

Muhammadiyah involves *stakeholders* in waqf reporting in collaboration with the economic, business, and tourism assembly; community empowerment assembly; LazisMu, and others under Muhammadiyah. The existence of waqf reporting increases public trust in waqf management in Muhammadiyah. This is evidenced by the use of the SIMAM application that can be accessed by the public and SMS confirmation for people who deposit money to Muhammadiyah. This is as stated by Mr Karlan that:

*"To increase trust, we can use SIMAM which can be accessed by the public. There is also a confirmation SMS for people who deposit money to Muhammadiyah. This can increase people's trust to continue depositing money to Muhammadiyah and increase the nominal amount."*

Reporting The value of land waqf assets is recorded at fair value. To measure the fair

value of land waqf assets in Muhammadiyah Banyumas, three methods are used. First, land waqf assets are recorded at market value. However, the market price has a high value, making it burdensome for the nazir to pay the Land and Building Acquisition Fee (BPHTB). Second, land waqf assets are recorded at the Tax Object Sale Value (NJOP). However, NJOP has such a low selling value that the district government refuses to measure it by NJOP. Third, land waqf assets are recorded at zoning value. The zoning value is the value available at the regional asset management agency. Generally, the valuation of waqf assets in Muhammadiyah Banyumas is using the zoning value. In purchasing land assets, the money is obtained from Lazis and related parties. This is in accordance with the statement of the Finance Director of LazisMu that:

*"Purchases related to land acquisition are carried out as bound infaq, which is a faster movement than others. The system is carried out jointly between Lazis and related parties. The challenge is the implementation of PSAK 112. Currently, there is a Waqf PSAK class that, God willing, can create worksheets."*

The challenge in managing waqf is to provide waqif data, lost certificates, and existing waqf assets that have not been divided. Of course, the challenges faced must be overcome immediately by planning to invite all waqf councils in each sub-district to record all waqf assets which are then collected to the regional leader and the waqf assets are grouped into three categories: difficult, somewhat difficult, and easy. Waqf assets in the easy category will be prioritised for certificates, and vice versa.

One of the productive waqf managed by Muhammadiyah is in the form of educational waqf, which has high potential in realising the benefit of the people. The waqf is carried out for the construction of schools whose funds come from a combination of several waqifs. This is shown by the students of Zam Zam Islamic Boarding School in Cilongok who are trained to raise funds by giving cash waqf tickets during holidays. The money will be managed to build a school and all transactions will be audited. The funds are obtained through banks and cash waqf. Once the funds are received, the nazir will deposit them directly to LazisMu and the waqif will receive a notification from LazisMu. Based on

information from Mr Karlan as LazisMu administrator stated:

*"The funds are obtained through banks and cash waqf. Once the funds are received, the nazir will deposit them directly to Laziz and the waqif will receive a notification from Laziz. The availability of a national link to track beneficiary data has made it easier so that many schools have absorbed waqf from Muhammadiyah."*

Currently, the application of waqf for education and scholarships managed by Muhammadiyah is combined with LazisMu funds. These benefits are also not only distributed to Muhammadiyah circles but also to the community in general, this is in accordance with Mr Karlan's statement:

*"The scholarship is part of the LazisMu programme, including a combination of infaq and sadaqah funds. Some schools in Banyumas have absorbed the funds from LazisMu, even from communities outside Muhammadiyah, there are also many who have felt it, because it is not only distributed to Muhammadiyah schools, there are some that go to Ma'arif, NU, or Salaf Islamic boarding schools. So it depends on the application and the results of the survey team from here, if it is feasible, it is humanitarian, so the basis is not because of the group, you know the survey results, not all who enter here are all given but based on the survey."*

This shows that productive waqf is certainly very impactful on education if applied in productive areas. However, this waqf has less impact when applied in unproductive areas. This is in line with the statement conveyed by Mr Mathori as nadzir Muhammadiyah that:

*"Productive waqf certainly has an impact on the quality of education, where if waqf is carried out in a productive area, the education will advance. If the waqf is in an unproductive area, it will not have much effect on the quality of education in that area."*

### **Nahdlatul Ulama (NU)**

Nahdlatul Ulama (NU) focuses on managing immovable property waqf (land) for education, places of worship, and other social facilities. Around 12,000 waqf assets (especially land) are currently owned by NU. In addition to immovable property waqf, NU also has a productive cash waqf programme that it is still trying to run. To run the programme, NU must have at least two cash waqf nazirs who must be certified nazirs (specifically as cash waqf nazirs) issued by

BWI through training. However, currently NU Banyumas only has one cash waqf nazir. There is no cash waqf for productive activities in NU Banyumas, only cash waqf to buy land.

NU Banyumas does not yet have productive waqf because the requirement for the number of cash waqf nazirs has not been met. Cash waqf only exists at the PBNU headquarters in Jakarta, with payments made through Islamic banks that are NU's partners. This is as stated by Pak Rofiq as the LWPNU administrator that:

*"Cash waqf payment through Islamic banks is a partner of NU. Some people donate money and the money is sent to the PBNU centre through NU Banyumas. The money cannot be managed by NU Banyumas because there are not enough nazirs, so it is sent to PBNU"*

NU routinely conducts waqf financial reports to the Indonesian Waqf Board containing the number of waqf assets, their size, and the use of waqf assets reported by each sub-district. However, there is no report for waqf land because waqf is only for mosques, mushola, and educational institutions. LazisNu is able to collect 500-700jt every month, but because the pledge is infaq, it must be spent to help small businesses in need, not for NU institutions' capital. If there is already a money nazir then the 500-700jt cash waqf is used for business and developed to generate returns. Cash infaq is usually used for the poor, scholarships, house renovation, and others. Not only that, waqf-related data records are also available in SIWAKNU (NU Waqf Information System).

Although there are challenges in productive waqf management, productive waqf management continues to be encouraged by NU Banyumas, this is in accordance with Mr Rofiq's statement that:

*"There are 27 land waqf nazirs and only one cash waqf nazir. Knowing this condition, the NU board will participate in cash waqf training with the aim of increasing the quantity of cash waqf. In addition, many NU administrators are also unaware of the implementation of PSAK 112, so they hope there will be socialisation from the Indonesian Waqf Board (BWI) regarding the implementation of PSAK 112."*

According to Mr Rofiq, schools are not included in productive waqf because they are educational institutions, as he stated that:

*"Schools are not included in productive waqf because they are not orientated to make a profit, but if the waqf school has its own productive business, it is allowed. NU schools may have a business but its finances are not integrated with the school. If there is school income from the canteen that comes in, it will be recorded by the school itself and all depends on the pledge. In addition, NU as a waqf institution also has a certificate. "*

Educational waqf is one of the most important waqf because it has considerable potential for the quality of education. The application of educational waqf is in the form of building formal and non-formal schools. The construction of these schools is expected to create a smart and noble generation. One of the areas in Banyumas Regency that has absorbed a lot of educational waqf is Cilongok District, where many non-formal schools have been established, namely Islamic boarding schools. However, these boarding schools are not all owned by NU, but by foundations affiliated with NU. In addition, for formal schools, it can be seen that in Kedungbanteng Subdistrict, Beji Village, an MI school has been established, which is owned by an NU foundation but affiliated with NU, and there are many more educational institutions under the auspices of NU.

Mr Rafiq also suggested universities to have waqf institutions through his statement:

*"Unsoed alone should have a waqf institution, the difference between BLU and waqf, the difference is that we have money developed by Unsoed with waqf, because the person who manages the waqf money will not get a salary as long as the money managed from the waqf has not produced, it cannot go bankrupt in its business calculation."*

Seeing that there is a considerable opportunity for the advancement of the quality of education, NU nazirs are determined to conduct cash waqf training so that educational waqf is included in the productive waqf category. This is as stated by Mr Rofiq as NU nazir that:

*"To facilitate the success of waqf in the field of education, which has high potential for the quality of education, we will participate in cash waqf training so that NU has cash waqf nazirs who can manage productive waqf in the form of education waqf."*

#### **LPP Al Irsyad Purwokerto**

Al Irsyad focuses on managing immovable property waqf and productive waqf by the waqf

council. Al Irsyad manages mosques, schools, orphanages, and business entities. The business entity comes from private waqf that manages school uniforms and school canteens. Al irsyad has built around 800 mosques in the Banyumas area which are then endowed to each nazir, for example Mosque 17, UMP Tajdid Mosque, Jensoed Mosque, and Al Islah Mosque. In addition, there is a minimarket next to Fatimatu Zahra Mosque whose proceeds are given to the mosque. However, none of the minimarket sales have been channelled to education because the focus is on establishing a college. This is as stated by Pak Dayat as the manager of Lazis and Al Irsyad waqf that:

*"Meanwhile, no minimarket proceeds have been channelled to education. Currently, there is none for education. This year, there is a plan for the next years that school fees will not increase because school fees have always increased every year. To cover the shortage of cost increases, it will be designed using waqf money. Currently, al irsyad's focus is on establishing a university. If the construction of the college is successful, then it will focus on reducing school fees. This aims to help underprivileged students by providing scholarships that come from lazis, not from waqf."*

Waqf received by Al Irsyad according to Pak Dayat as Al Irsyad administrator includes waqf of goods, land, and vehicles. Waqf of goods is waqf in the form of building materials. However, waqf that is generally recorded in the LAZ office is Quran waqf and business assistance waqf. This is in accordance with Mr Dayat's statement that:

*"Waqf in the form of materials for building materials. Waqf that is generally recorded in the LAZ office is Quran waqf and business assistance waqf. Generally, the waqf received by Al Irsyad is land waqf to the extent that Al Irsyad is overwhelmed in managing land waqf and asks waqif to sell the land and use it to build elsewhere."*

Productive waqf management certainly has an impact on the quality of education. This is evidenced by the existence of Al Irsyad, which has collaborated with other parties to build pesantren as a medium for preaching and sharing knowledge. Not only formal schools, Al Irsyad also established schools ranging from pre-school to high school as well as Islamic boarding schools. This shows that education has a good opportunity to educate

the people. It is not easy to do, many challenges arise such as the problem of recruiting students, local managers who sometimes do not meet expectations, difficulties in waqf certification because no one takes care of it. The biggest challenge is the lack of public awareness regarding the importance of productive waqf. This is in accordance with Mr Dayat's statement that:

*"Rarely are people aware of productive waqf, most of them are still waqf of inanimate goods such as land and buildings. To increase public trust, we generally report by project where every completed report will be reported to the public instead of periodic reports. Currently, we are approaching the one-door foundation to make it clearer. Currently, Al Irsyad has not been able to be like the muhammadiyah. Al irsyad Arabs prefer to distribute zakat themselves not through laz al irsyad. Currently there is a laz programme where zakat is distributed to the family (tribe) itself"*

Based on information provided by Mr Dayat, Al Irsyad does not yet have a certified nazir due to the high cost of certification. Nazirs are not paid from the proceeds of waqf, but from the proceeds of management, which is the difference from the total price minus the price of the goods. In addition, Al Irsyad has also done temporary or term waqf. This is reinforced by Mr Dayat's statement that:

*"Term waqf in Al Irsyad exists, there was a term waqf done by Mr Abud who endowed his house with a period of 2 years for Al Irsyad High School and after that Al Irsyad built itself. The best waqf is in Al Azhar Jakarta. Al Azhar once invited Al Irsyad to work together regarding waqf bequests of insurance policies."*

#### **Accountability and Transparency in PSAK 112: Accounting for Waqf**

PSAK 112 regulates waqf accounting which is used as a basic instrument to assess the quality of accountable and transparent nazir reporting, so that waqf performance will be well documented and bring improvements to the waqf system. PSAK 112 ratified on 7 November 2018 regulates waqf transactions related to the receipt, management, and development of waqf assets. Waqf entities present financial statements that are not consolidated into the organisation's financial statements. The complete financial statements of the waqf entity include: statement of financial position at the end of the

period, statement of waqf asset details at the end of the period, statement of activities during the period, statement of cash flows during the period, and notes to the financial statements.

#### **Disclosure**

Nazirs in waqf management institutions such as Muhammadiyah, Nahdlatul Ulama, and Al Irsyad have recognised assets in accordance with PSAK 112, where they have recognised waqf assets in the financial statements when they have control at the time of the waqf pledge deed or when the waqf transfers funds directly to the waqf entity's account through a financial institution.

#### **Measurement**

Nazirs in several waqf management institutions carry out measurements including the following:

1. Muhammadiyah, Nahdlatul Ulama, and Al Irsyad in Banyumas perform initial measurement of waqf assets at nominal value.
2. Muhammadiyah, Nahdlatul Ulama, and Al Irsyad in Banyumas measure the value of land waqf assets at fair value. If it cannot be measured using fair value, then the asset is not recognised in the financial statements but is disclosed in the notes to the financial statements.

#### **Presentation and Disclosure**

1. Muhammadiyah presents financial reports that are still combined with LazisMu consisting of Muhammadiyah financial reports, Lazis financial reports, and waqf financial reports. This happens because all financial management is in LazisMu. If there is a transaction related to waqf, it will be reported to Lazis and will be recorded by Lazis. This condition is not in accordance with PSAK 112, where the recording is still combined when the recording of financial statements should be separate from LazisMu. In addition, waqf management in Muhammadiyah can also be accessed by the general public through the Muhammadiyah Asset Management Information System (SIMAM) application.
2. Nahdlatul Ulama has not presented financial statements in accordance with PSAK 112 standards. The waqf management institution only reports to the Indonesian Waqf Board (BWI)

which contains the amount of waqf assets, the area, and the use of waqf assets.

3. Al Irsyad has not presented financial statements in accordance with PSAK 112 standards. The waqf management institution is still tidying up the records from 2017.

### Discussion

In terms of waqf-related understanding, especially regarding nazir institutions and the implementation of waqf governance, organisational nazirs in Banyumas already have a good understanding so that they can provide benefits to *mauquf alaih*. However, nazir organisations in Banyumas still lack an understanding of waqf financial reporting in accordance with applicable accounting standards.

PSAK 112, which has been effective since 1 January 2021, does not seem to be implemented smoothly by waqf management institutions. The current implementation has

only reached the stage of waqf digitisation and efforts to accelerate waqf asset certification and nazir certification. The nazir's understanding of the applicable accounting standards is still inadequate. This is due to the lack of socialisation, training, and coaching to the nazir regarding the changes in PSAK related to waqf.

Research conducted on nazir organisations in Banyumas (NU, Muhammadiyah, Al Irsyad) shows that they do not have sufficient understanding and have not implemented PSAK 112. The reports reported to BWI so far have only been limited to reports on the development of waqf assets. In PD Muhammadiyah Banyumas, waqf management is centralised under LAZIS and the Waqf Empowerment Council. However, they currently still adopt PSAK.

The following are the results of the analysis related to the nazir's understanding of PSAK 112, the nazir's application of PSAK 112, and the nazir's problems in applying PSAK 112.

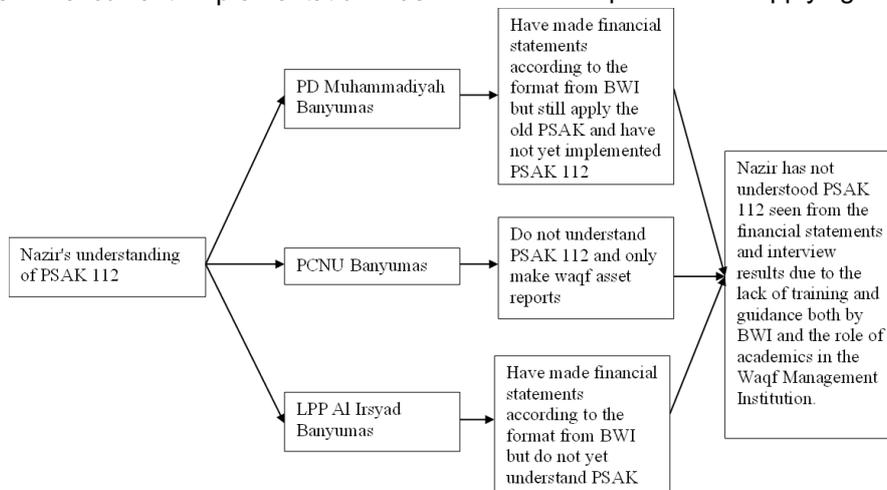


Figure 2. The results of the analysis of the nazir's understanding of PSAK 112

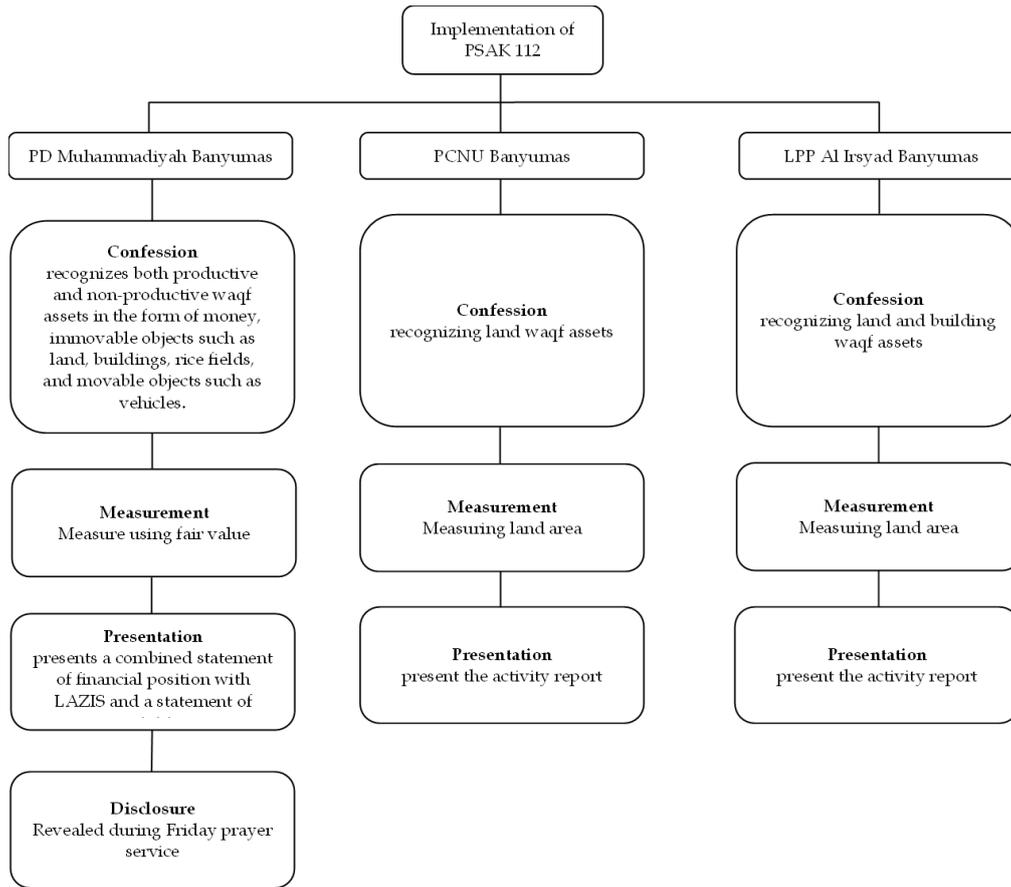


Figure 3. The results of the analysis of the application of nazir to PSAK 112

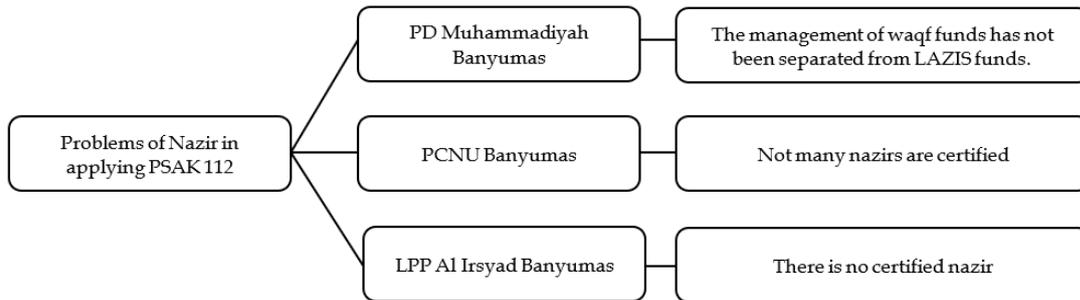


Figure 4. Analysis of nazir problems in applying PSAK 112

Overall, the nazir do not understand PSAK 112 sufficiently as seen from the financial statements and interview statements because there has been no socialisation and lack of training and guidance by BWI to the waqf management institution. Nazirs have also not fully implemented PSAK 112. Nazir certification is an obstacle in waqf management.

PSAK 112 is currently not adopted by waqf management institutions in Banyumas. There is a difference between accounting for ZIS and waqf. Waqf accounting will recognise revenue from the development of waqf assets, while ZIS accounting does not recognise revenue from ZIS development because ZIS funds are usually distributed directly without any development of ZIS funds. Although it cannot

be denied that the development of waqf assets currently still requires financial assistance from ZIS.

The large potential of waqf assets requires competent nazirs to manage them. This phenomenon is a challenge for waqf management institutions or nazirs. Management and accounting training for nazir is also needed to improve the ability of nazir to overcome challenges and obstacles in productive waqf management.

In general, waqf assets in Banyumas are in the form of land. Based on data obtained from the Ministry of Religious Affairs' SIWAK, the amount of waqf land in Banyumas is:

Waqf land data: 162.4 Ha

Already certified: 124.51 Ha

Table 1. Designation of waqf land in Banyumas Regency

	Mosque	Mushola	Education	Tomb	Other Social	Total
Location	1.530	1.941	601	18	422	4.512
M <sup>2</sup>	665.524	366.206	1.022.760	31.233	310.037	2.359.762

Source: Ministry of Religious Affairs of Banyumas Regency

This shows that waqf has contributed 43.34% to education in Banyumas Regency. This waqf contribution is not only for formal education but also for Islamic boarding schools. Waqf in Banyumas has contributed to improving quality education through waqf assets that are channelled to foundations or educational institutions in Banyumas.

The role of waqf empowerment towards education can be seen in the facilities and infrastructure in educational institutions that are more complete and adequate for learning activities. The progress or failure of an educational institution can be seen from the facilities and infrastructure provided by the educational institution. When facilities and infrastructure have been fulfilled properly, learning activities to create quality human resources will also run well.

Waqf empowerment that is focused on improving the quality of education can create better and more qualified human resources. This is evidenced by the number of students and teachers who receive scholarships to continue their education to a higher level as has been done by Al Azhar University Cairo Egypt which has successfully empowered waqf in the field of education which has provided scholarships for students around the world. The more qualified the human resources in a country, the more advanced the country will be and the poverty rate and other

Not yet certified: 37.89 Ha

From the data above, it can be seen that the development of waqf in Banyumas is quite promising. Waqf assets in Banyumas are used not only for religious activities such as places of worship, but also for education, cemeteries, and social purposes. The number and allocation of waqf lands in Banyumas are for mosques and their benefits 1,530 locations with an area of 665,524 m<sup>2</sup>, for musholla and their benefits 1,941 locations with an area of 366,206 m<sup>2</sup>, for education 601 locations with an area of 1,022,760 m<sup>2</sup>, for tombs 18 locations with an area of 31,233 m<sup>2</sup>, and for other social purposes as many as 422 locations with an area of 310,037 m<sup>2</sup>.

problems can be overcome easily and the people will be more prosperous.

The development of educational waqf is not only the provision of educational centres for huts, madrasas, and book donations in the field of Islamic education but also for various disciplines. As more people donate to education, educational institutions prosper and research institutions produce more intelligent people who will also give waqf. It becomes a virtuous circle where each one is influenced by the previous one and affects the one after it.

The development of productive waqf assets in realising quality education requires a lot of funds and costs, so productive waqf empowerment needs to be intensified, especially cash waqf. The results obtained from the development of productive waqf assets can be channelled to support educational operations. Waqf management institutions have a strategic role to socialise and educate both the nazir and the community so that waqf assets can be managed productively. Although not yet fully implemented, the three waqf management institutions in Banyumas (NU, Muhammadiyah, Al Irsyad) revealed that waqf management is currently heading in that direction. When this is well executed, it will also benefit the government, as public services such as infrastructure development

and social services have been substituted by waqf.

Based on Government Regulation No. 42/2006 on the Implementation of Law No. 41/2004 on Waqf, it is stated that waqf management institutions with legal entities must be registered at BWI, which is indicated by the ownership of a certificate as a waqf nazir. The phenomenon of the number of certified professional nazirs in Banyumas is still minimal, especially in relation to cash waqf, hindering the development of productive waqf assets.

Various efforts to manage waqf productively have been made. Starting from the government's efforts through regulations related to productive waqf management, namely Law No. 41 of 2004 and Government Regulation No. 42 of 2006. However, these government efforts also need to be supported by the cooperation, synergy, and seriousness of all stakeholders. Waqf development efforts must be carried out with an integrative and planned pattern so that it can be managed optimally and can provide wider benefits, especially to improve quality education.

Accountability and transparency indicators in the management of waqf assets can be used to measure the level of openness and accountability of waqf management institutions to waqifs and the general public.

Information on the leadership structure of the three waqf management institutions is publicly available for the public to access. A clear leadership structure provides the direction and coordination necessary to manage waqf assets effectively. The participation and involvement of the assemblies and other institutions as well as the waqif and the community can increase the sense of ownership and trust of the relevant parties.

Disclosure of the sources and uses of operational costs is important to ensure transparency in the management of waqf assets. Although not yet fully using the applicable SAK in the preparation of waqf asset reports, efforts and encouragement for the implementation of SAK by Banyumas waqf management institutions continue to be made by utilising existing technology. As has been done by the Banyumas Regional Leadership through the use of SIMAM application and automated messaging as transparency tools, it has helped to increase public trust in waqf management institutions. The increasing

number of waqifs, including from people outside the muhammadiyah, shows that transparency and efficiency in waqf management can attract people to participate in waqf charity.

The results of the research obtained by researchers, accountability includes financial integrity, compliance with applicable laws and accounting standards, and disclosure. Financial integrity can be seen from the financial statements that must contain the entire actual financial position clearly. The regulations and accounting standards for waqf management refer to the Indonesian Waqf Board Regulation No. 01 of 2020, Amendments to Government Regulation No. 42 of 2006 concerning the Implementation of Law No. 41 of 2004, and PSAK 112. Meanwhile, transparency in waqf management includes informativeness and disclosure. Informative means timely, clear, accurate, comparable, and easily accessible. The financial reports made by waqf management institutions in Banyumas have not fulfilled all of the accountability indicators because the reports made are still simple and do not meet the applicable reporting standards. ZIS funds managed by mosques have indeed been announced every week during Friday prayers, but reports on the management of waqf assets are not yet fully accessible to all parties due to the lack of widespread publication through mass media and other media that are more accessible to all parties.

By increasing accountability and transparency, the realisation of reliable, effective and efficient waqf management can increase the contribution of waqf in realising quality education. A nationally certified Nazir can provide assurance that waqf funds have been used in accordance with their allocation and produce results in improving quality education. Through clear and detailed reports including which projects or programmes are funded and the results, the public can understand the positive impact of waqf in realising quality education so as to increase public participation in giving waqf.

To improve transparency, information related to the development, results, and impact of waqf utilisation can be published through social media, websites, and other communication channels. In addition, to improve accountability and transparency, an authority tasked with overseeing waqf

management is also needed. Waqf management institutions can also collaborate with the government and the private sector in waqf management efforts to realise quality education.

## CONCLUSION

### Conclusion

The accountability and transparency of nazir reporting can be assessed using PSAK 112 which specifically regulates waqf accounting. For the recognition of waqf assets from each waqf management institution such as Muhammadiyah, Nahdlatul Ulama, and Al-Irsyad, it is in accordance with PSAK 112. The initial measurement of waqf assets from the three institutions uses fair value. For the Muhammadiyah waqf financial report, it is still merged with the LazisMu financial report, this condition is not in accordance with PSAK 112. There should be a separation between waqf reporting and lazis financial reporting. On the other hand, Nahdlatul Ulama and Al-Irsyad have also not presented financial statements in accordance with PSAK 112.

Nazir organizations in Banyumas Regency generally still lack an understanding of waqf financial reporting by PSAK 112. The implementation of PSAK 112 by waqf management institutions such as Muhammadiyah, Nahdlatul Ulama, and Al-Irsyad in Banyumas Regency has not run smoothly due to the lack of socialization, training, and guidance to nazir on the changes in PSAK governing waqf. This research shows that the Muhammadiyah, Nahdlatul Ulama, and Al-Irsyad organizations do not yet have an adequate understanding of the implementation of PSAK 112. All three organizations only submit reports to BWI with information on the development of waqf assets.

Apart from being used for religious activities such as places of worship, many waqf in Banyumas Regency are also used for educational institutions. The contribution of waqf use for educational institutions in the Banyumas Regency reaches 43.34%. Waqf empowerment that focuses on improving the quality of education is expected to create better and more qualified human resources. Complete and adequate educational facilities and infrastructure are one of the tangible proofs of the role of waqf empowerment towards education in Banyumas Regency.

Openness regarding the source and utilization of operational costs is important to ensure transparency in the management of waqf assets. The use of technology can be one way to improve the transparency of waqf management and increase public trust. In addition, accountability in the management of waqf assets is also important. The results show that Muhammadiyah, Nahdlatul Ulama, and Al-Irsyad waqf management institutions have not been fully accountable and transparent in presenting waqf management reports. Although waqf-related information is generally published on each waqf management institution's website, it is still too passive for all three.

### Advice

Based on the results of the research, there are several obstacles experienced by Muhammadiyah, Nahdlatul Ulama, and Al-Irsyad in implementing PSAK 112. Therefore, it is necessary to socialize, train, and provide guidance to Nazirs regarding the use of PSAK 112 on waqf accounting. In addition, management and accounting training for nazirs is also important so that nazirs can overcome challenges and obstacles in waqf management, especially related to recording and reporting. Waqf development efforts must be carried out with the involvement of various parties with an integrative and planned pattern so that waqf in Banyumas Regency can be managed optimally and can provide wider benefits, especially in improving the quality of education. To increase the accountability and transparency of waqf management, it can be done by publicizing waqf through social media, websites, and so on. In addition, there needs to be an independent party in charge of supervising the nazir in terms of waqf management and reporting.

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