

Strategies for Optimizing Reporting and Recording Management to Improve Compliance in Philanthropic Organizations (LAZIS AL-HAROMAIN Case Study)

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ABSTRACT

In an effort to improve compliance in philanthropic institutions, especially in Lazis Al-Haromain, this research will examine the application of the reporting and recording management optimization approach. In maintaining accountability and transparency to stakeholders, including creditors, funders, and regulators, professionalism in financial management is essential. Efficient financial management not only ensures the smooth operation of the institution, but also increases public trust in the institution. To collect accurate and comprehensive data regarding financial recording and reporting procedures, this research utilizes qualitative methodology by conducting direct interviews with Lazis Al-Haromain's financial management staff. Based on the results of the research, Lazis Al-Haromain has utilized the APEBESIT application and cloud-based systems to improve the effectiveness of financial recording and reporting. The research findings show that Lazis Al-Haromain improves the efficiency of financial recording and reporting by utilizing the APEBESIT application and cloud-based systems. Technology increases the accuracy of the data provided, reduces errors, and speeds up the financial administration process. Therefore, the use of technology in financial reporting and recording is essential to improve the professionalism and compliance of philanthropic institutions. Lazis Al-Haromain has also incorporated Standard Opening Procedures (SPOs) into the APEBESIT application to mitigate hazards that may occur. Following the internal SOPs that have been created by the institution to guarantee compliance with financial norms and regulations is how risk mitigation is implemented.

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1. Introduction

Philanthropy is a means of providing assistance and support that aims to alleviate difficulties and improve community welfare in the long term (Sholikhah et al. 2021).

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Philanthropic organizations, such as Lembaga Amil Zakat (LAZ), play an important role in determining and assessing zakat, Amil, sadaqah, and waqf (ZISWAF) funds. However, in practice, optimizing management, recording, and compliance are important considerations that must be made in order to achieve effectiveness and transparency in data processing. reporting, recording, and compliance are important considerations that must be made in order to achieve effectiveness and transparency in data processing. In light of this, this research focuses on the ideal strategy for utilizing and storing data in financial organizations.

Optimization is a process or effort to achieve the best results in the best results in an efficient and effective way (Hidayat and Irvanda 2022). In the context of philanthropic organizations, optimization is closely related to the development of effective management and fundraising strategies. In his book *Management Theory* (Sutaguna et al. 2022) George R. Terry states that management itself involves the processes of planning, organizing, mobilizing, and controlling. In connection with this, the management of philanthropic institutions must ensure that each procedure is carried out methodically so that the data obtained can be used in accordance with its purpose.

One important aspect of management in managing philanthropic organizations is reporting. In an effort to increase public trust in financial institutions, transparency in financial reporting is crucial. (Urwick 1952) defines reporting as a report of the progress of an activity either orally or in writing, and sent to more important parties. According to (Purnamasari and Handayani 2015), financial transparency is strongly influenced by external factors, while human resources and management commitment have little effect. Therefore, it is necessary to improve a stronger reporting system.

In the research review above, there are several research gaps that can be reviewed, especially in the area of the effectiveness of strategies to optimize fundraising with more innovative management techniques and increase transparency and compliance in financial reporting. Therefore, the purpose of this study is to analyze the ideal strategy for the use and distribution of funds in philanthropic organizations by considering management, compliance, reporting, and recording. It is hoped that this research will provide more thorough recommendations for philanthropic organizations to improve institutional effectiveness and accountability.

2. Research Method

This study used a qualitative approach to understand in detail the reporting and record-keeping strategies that Lazis Al - Haromain implemented in an effort to improve compliance with provisions for the human resources present in the organization. This method is beneficial as it allows the researcher to thoroughly and comprehensively analyze the data, findings, and perceptions about the strategies implemented by this organization.

Data collection techniques in this study were conducted through in-depth interviews and surveys. Interviews were conducted directly with the finance staff of Lazis Al-Haromain to get actualization regarding reporting and recording strategies. This interview also aims to explore the factors that influence the effectiveness of the reporting system and the obstacles faced in its implementation. In addition, surveys were used to gather information from employees and other

parties in understanding the level of employee compliance with established regulations and the effectiveness of strategies that have been set by the organization.

Lazis Al - Haromain, located in Surabaya, East Java is a philanthropic organization with a primary focus on optimizing Zakat, Infaq, and Sadaqah (ZIS) funds to support various social and educational activities aimed at promoting global peace. As a result, in this study, the researcher also conducted observations of the supervision and control system used in the organization in order to better understand how the process is carried out in practice.

Data analysis was conducted using a descriptive-qualitative approach, where data obtained from interviews, surveys, and observations were summarized, analyzed, and interpreted to identify key patterns in the financial reporting and recording strategy at Lazis Al-Haromain. As a result, this research can provide recommendations for strategies that can be used by Lazis Al-Haromain and other philanthropic organizations to optimize the monitoring and reporting system. The purpose of this analysis is to understand how the system used can improve transparency, accountability and regulatory compliance.

3. Result and Discussion

The results of the financial analysis at Lazis Al - Haromain show that there are challenges in understanding and implementing established financial procedures. Although Lazis Al - Haromain has a systematic Standard Operating Procedure (SOP), the main fact problem is the lack of understanding of applicable regulations, especially the Statement of Financial Accounting Standards (PSAK) 109 concerning zakat, infaq, and sadaqah. (Safrirullah, Furqani, and Sari 2024) emphasized that non-profit organizations often experience difficulties in applying accounting standards appropriately, which has an impact on inaccuracies in financial reporting and can affect institutional credibility. As a result, improving understanding of financial regulations is becoming an increasingly important issue.

Lazis Al - Haromain improves record-keeping efficiency by implementing cloud-based technology through the APEBESIT system, which allows real-time recording. This technology helps reduce the risk of manual errors and increases financial transparency. Technology has many benefits, but there are some problems that must be overcome, such as system failure, lack of training for employees in operating the system, and the risk of data manipulation.

In addition to the challenges of complying with regulations, potential irregularities in financial record keeping must also be addressed. There are several types of irregularities that can occur at Lazis Al - Haromain, including financial data manipulation, human data entry errors, and the application of transaction verification procedures. Without proper supervision, these expansions can escalate into serious problems that jeopardize financial integrity. According to research (Dewi et al. 2021), organizations that lack an effective internal monitoring system are more vulnerable to financial fraud. Developing an internal audit system is an important step to ensure that all financial transactions are accurate and follow procedures.

Overcoming these problems, Lazis Al - Haromain must implement a comprehensive risk mitigation strategy risk mitigation strategy from in terms of accounting and financial management. the first priority is to develop a more integrated technology-based information system to develop information systems. In addition, internal and external audits should be conducted regularly to ensure compliance with SOPs. With regular audits, problems in financial

reporting can be identified more quickly, so that corrective action can be taken before bigger problems arise.

In addition to the use of technology and audits, training for employees can also serve as a strategic tool to improve compliance with SOPs and regulations. Training should teach about financial regulations, ethical regulations in operations, ethics in business, and the use of technology-based accounting systems. Regular training is expected that Lazis Al - Haromain employees can better understand and implement SOPs.

A whistleblowing policy should be implemented as part of the internal monitoring mechanism. With this policy employees and other stakeholders can report any form of misconduct they wish without fear of reprisal. approach can assist these organizations in detecting and reducing waste, enabling greater transparency and accountability in decision-making and financial reporting.

Initiatives or efforts that have been implemented to improve efficiency and transparency in financial reporting and recording, there are still challenges in implementation. The most important factor is improving compliance with SOPs in the workplace. Many non-profit employees do not realize the importance of accurate financial reporting, so they fail to meet established standards. So in addition to regulatory compliance, a clear system and sanctions for violations are needed. With the presence of incentives or efforts for employees who comply with SOPs, it is expected that their awareness of the need for transparency will grow.

With a wide variety of challenges in financial reporting and recording, Lazis Al - Haromain must take a more comprehensive approach to risk management. The use of cloud-based technology from real-time monitoring systems can help improve efficiency and accuracy in data collection, but without proper oversight, the risk of failure and expansion can occur. Balancing the use of utilization, internal governance, and HR capacity must be prioritized in order to obtain the best results. As a result, Lazis Al -Haromain's credibility will continue to grow, as will the trust of its stakeholders.

The various strategies discussed above must be implemented carefully and consistently in order to provide the best results for Lazis Al - Haromain. In addition, management must periodically evaluate the activities and procedures carried out. The evaluation aims to identify weaknesses in the financial recording and reporting system, as well as to find appropriate solutions to improve efficiency. Evaluation can be done through internal discussion forums, where employees are given the opportunity to convey the challenges they face in carrying out the financial recording process. As a result, the organization can better understand the problems it faces and adjust its policies so that they are easier to implement without compromising its compliance with regulations. According to research (Syahputra et al. 2022), the effectiveness of financial management in zakat institutions is strongly influenced by a good financial system and employee understanding of applicable standards. So, improving the quality of training and monitoring is very important to reduce financial inefficiency.

In addition to internal evaluation, collaboration with external organizations can also be a solution to improve data quality and financial performance. For example, collaborating with auditors or administrators to provide more effective PSAK 109 compliance. Developing relationships with other zakat organizations that have successfully implemented technology-based recording systems can provide more value. According to research (Ma'ruf 2023), the use of

Handayani cloud technology in zakat collection can increase efficiency up to 40% while reducing manual errors. Lazis Al - Haromain can successfully transition to a more modern and transparent financial system with the help of best practices and experience. Collaboration can also provide an opportunity for Lazis Al - Haromain to obtain sharia certification, which can increase the organization's credibility in the eyes of donors and other stakeholders.

Lazis Al - Haromain can ensure that financial recording and reporting is more transparent, and according to standards by combining internal regulations, technology utilization, HR competency development, and external collaboration. This not only increases public trust, it can also increase the sustainability of Lazis Al - Haromain. Until Lazis Al-Haromain can be an example for other zakat organizations in implementing a professional and trustworthy financial system.

4. Conclusion And Suggestions

In the analysis conducted at Lazis Al-Haromain, it can be concluded that although the philanthropic organization has established Systematic Standard Operating Procedures (SOPs), the understanding of the rules and procedures is still not optimal. Given the existence of the new PSAK 109 regulations implemented by the government, philanthropic organizations and staff members must adjust to the new requirements to ensure compliance with the new existing regulations to ensure compliance with existing regulations. Although the SOPs have been implemented correctly, there are still some potential problems that can interfere with the credibility of the financial statements and damage relationships with important parties such as regulators, creditors, and donors who strongly support the accuracy of the organization's financial statements. In the reporting and recording process, Lazis Al - Haromain has implemented a cloud-based system or internally developed APEBESIT application to enable real-time reporting. In addition to providing time efficiency and improving data accuracy, this system has also been developed with risk mitigation procedures that can reduce the possibility of problems arising. However, there are still non-compliances that can result in legal sanctions for businesses, such as operating licenses. In addition, that if an employee does not follow the internal SOP, the organization can use sanctions as a form of discipline. Risks that may arise during the reporting and recording process of Lazis Al-Haromain include the possibility of malpractice, such as manipulation of data or financial reporting, non-compliance with established SOPs, difficulties in manual recording, and the lack of internal errors. Thorough. Required in risk analysis along with internal system review to ensure transparency and accountability in financial reporting. Institutions can improve effectiveness. Financial management and strengthen trust among financial stakeholders using appropriate corrective measures.

Suggestions for Lazis Al - Haromain must continue to improve the reporting and recording system that has been implemented so far through the use of the APEBESIT application and cloud-based systems. The utilization of this technology is a form of professionalism in managing institutional finances, especially in ensuring transparency and accountability to key stakeholders such as donors, creditors, regulators, and the general public. The institution can ensure that all transactions and data are accurately documented and accessible in real-time to simplify auditing and evaluation with a more effective recording and reporting system.

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