

INITIATING A SHARIA AUDIT MODEL FOR ZAKAT MANAGEMENT ORGANIZATIONS IN INDONESIA

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Abstract

The proliferation of zakat management organizations in Indonesia is part of the zakat problem in Indonesia. The zakat management organization as an intermediary organization between muzaki and mustahiq must have a management basis that is trustworthy, professional, transparent and accountable. The presence of Law Number 23 of 2011 and Government Regulation Number 14 of 2014 provides a legal basis for sharia audits to be carried out as a guarantee of security and comfort for muzakki in paying zakat through BAZNAS and LAZ. The main objective of the shariah audit is to provide certainty of compliance with sharia rules both in terms of collection, distribution and utilization of zakat. This study describes the basic concepts in carrying out sharia audits of zakat management organizations, where there are several main things that must be carried out in carrying out sharia audits of zakat management organizations based on existing laws and general provisions in conducting audits in general as part of the guidelines that must be adhered to. . With the sharia audit carried out, it will increase public confidence in paying zakat through zakat institutions. The sharia audit framework for zakat management organizations includes the planning, implementation and reporting stages and the last is in the form of an opinion on the audit implementation in the form of a statement that is appropriate or not appropriate and then recommendations for improvement on the implementation of the audit.

Key words: *Zakat management organization; Compliance;, Sharia Audit.*

Abstrak

Menjamurnya organisasi pengelola zakat di Indonesia menjadi bagian dari masalah perzakatan di Indonesia. Organisasi pengelola zakat sebagai organisasi yang menjadi intermediasi antara muzaki dan mustahiq harus memiliki dasar pengelolaan yang amanah, profesional, transparan dan akuntabel. Kehadiran Undang-Undang Nomor 23 Tahun 2011 dan Peraturan Pemerintah Nomor 14 Tahun 2014 memberikan pijakan hukum atas audit syariah yang akan dilaksanakan sebagai jaminan rasa aman dan nyaman kepada para muzaki dalam membayarkan zakat melalui BAZNAS maupun LAZ. Tujuan utama dari audit syariah adalah memberikan kepastian terhadap kepatuhan atas aturan-aturan syariah baik dari segi pengumpulan, pendistribusian dan pendayagunaan zakat. Penelitian ini menggambarkan konsep dasar dalam melaksanakan audit syariah organisasi pengelola zakat, dimana ada beberapa hal pokok yang harus dilaksanakan dalam melaksanakan audit syariah organisasi pengelola zakat

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berdasarkan pada undang-undang yang ada dan ketentuan umum dalam pelaksanaan audit secara umum sebagai bagian dari pedoman yang harus ditaati. Dengan adanya audit syariah yang dilaksanakan akan menambah kepercayaan masyarakat dalam membayar zakat melalui lembaga zakat. Kerangka audit syariah organisasi pengelola zakat itu meliputi tahap perencanaan, pelaksanaan dan pelaporan dan terakhir adalah berupa opini atas pelaksanaan audit berupa pernyataan sesuai atau tidak sesuai kemudian rekomendasi perbaikan atas pelaksanaan audit.

Kata kunci : Organisasi pengelola zakat, kepatuhan, audit syariah

INTRODUCTION

Zakat is categorized as one of the five pillars of Islam, where *zakat* is not only fulfilled as vertical worship, otherwise, *zakat* is horizontal worship that bridges social relations between the rich and the poor. When this pillar is Compared to the other four pillars of Islam which only have one dimension of worship to Allah SWT, *Zakat* has two dimensions, namely beside the dimensions of worship and obedience to Allah SWT, but caring for fellow human beings (Abdurrahman, 1998: 61).

The law related to *zakat* in number 23 of 2011 provides rules regarding *zakat* management organizations in Indonesia which consist of two. Among them are *zakat* organizations formed by the government namely the National Amil *Zakat* Agency in Indonesian translated as “*Badan Amil Zakat Nasional (BAZNAS)*”, and organizations created by the community that is named as Amil *Zakat* Institutions (LAZ) or Indonesian is translated as “*Lembaga Amil Zakat*” whose function is to assist BAZNAS in the management and utilization of *zakat* itself (*Zakat* Law Number 23 of 2011).

The presence of that law is a manifestation of the government's seriousness to manage the running of *zakat* in Indonesia. Management of *zakat* is done through professional, transparent, and accountable modern management. As a public institution, *zakat* organizations must appear to be trustworthy institutions in managing *zakat*, *infaq*, *shadaqoh*, and other social funds.

To supervise *zakat* management organizations or Indonesian is translated as “*organisasi pengelola zakat*” (opz) the government through the Minister of Religion maintains control in two ways, as expressed by

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the secretary of BAZNAS, M. Fuad Nasar as follows, regarding the supervisory function that must be carried out by the Government, in this case, the Ministry of Religion towards BAZNAS and LAZ, reveals at least two main plans that must be prioritized, namely: First, Compliance Audit (audit compliance with laws and regulations). The second is Sharia Audit. Undoubtedly, because the sharia audit standards in Indonesia are only available for sharia banking, for the time being, the sharia audit of *zakat* management is a piece of the compliance audit. (see more at; <http://bimasislam.kemenag.go.id>)

Regarding the absence of a framework of reference made by the government affiliated with the terms of reference for sharia auditing for "*organisasi pengelola zakat*" (opz). Therefore, the author is interested in formulating a framework of reference for sharia audit in that organization.

RESEARCH METHODS

This study was conducted to formulate a sharia audit model for *zakat* management organizations in Indonesia, as instructed by Law No. 23 of 2011 on *zakat* management and Government Regulation No. 14 of 2014 concerning the explanation of Law No. 23 of 2011. The obtained data in this study were sourced from relevant books, journals, and articles discussing the research problem dealing with sharia auditing *zakat* management organizations in Indonesia.

DISCUSSION

1. The Concept of *Zakat*

Zakat is defined as something that is given by people as God's right to those who are authorized to receive it, including the poor or "*faqir miskin*", "*amil*", "*mualaf*", "*riqab*", "*gharim*", "*sabilillah*" and "*ibn sabil*". Literally, the term *Zakat* has several definitions, namely "*al-barkatu*" or blessing, "*al-namaa*" or growth and development, "*ath-thaharatu*" or purity (Didin, 2002: 7). Dealing with the meaning of *zakat*, there are two comprehensions of why the expenditure of this property is called *zakat*. First, *zakat* is the expected causality to convey fertility and enrich the

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merit. Therefore, it is called “the issued property” with *zakat*. Second, *zakat* is a reality and the sanctity of the soul from stinginess and sin (Ghozali & Sahli, 2007: 107).

According to *syara'*, *zakat* means the obligatory right (removed) from the property. The perspective (*Madzab*) of *Maliki* portrays it as “issuing a special portion of a particular property that has reached *nisab* (the quantity limit required for *zakat*) to those who are authorized to receive it (*mustahiq*) with the note that the ownership is full by reaching *haul* (in a year completely)”. While the perspective of *Hanafi* describes that *zakat* is “constructing a part of a particular property part of a special person's property”. Then, the perspective of *Syafi'i* defines *zakat* as an expression for the issuance of property in a particular way. Furthermore, the view of *Hambali* characterizes *zakat* as an obligatory right (issued) from a particular property for a certain group.

a. *Zakat* Management Organizations

As what has been stated in Laws number 23 of 2011 regarding *zakat* management in Indonesia, it consists of two. Among them are *zakat* organizations formed by the government namely the National Amil *Zakat* Agency Indonesian is translated as “*Badan Amil Zakat Nasional (BAZNAS)*”, and organizations created by the community that is named as Amil *Zakat* Institutions (LAZ) or Indonesian is translated as “*Lembaga Amil Zakat.*”

In the process of handling *zakat*, both BAZNAS and LAZ are all regulated in the same law with the same duties and functions. BAZNAS as an organization created by the government has more positions in *zakat* management than LAZ. In this regard, BAZNAS as the controller of its management, then LAZ is obliged to report the planning, accumulation, and management of *zakat* to BAZNAS.

In the process of managing *zakat*, the *zakat* management organization must be based on: Islamic law, trustworthiness, expediency, justice, legal certainty, integration, and accountability. These seven principles must be the fundamental principles for this organization in enforcing *zakat* management, which aims to enhance the effectiveness

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and efficiency of services in its management; and boost the advantages of *zakat* to realize community welfare and poverty alleviation.

In managing *zakat*, BAZNAS has a management structure consisting of leaders and implementers. The leadership of BAZNAS is the determinant of policies associated with planning for the collection, distribution, and utilization of *zakat*. The implementer of BAZNAS has the responsibilities and functions of enforcing the collection, distribution, and utilization of *zakat*, besides that its management also has the same responsibilities and functions as above as well as reporting and accountability for the implementation of *zakat* management.

b. The Concepts of Sharia Audit

Auditing stands as a systematic process for acquiring and evaluating evidence objectively regarding the level of conformity between economic actions or events with predetermined criteria, also reporting the results to those in need, where auditing must be carried out by a competent and independent individual (Siti Kurnia Rahayu, 2013: 1).

In carrying out auditing movements, an auditor conducts a series of systematic examination movements, which are carried out by an independent individual to collect and evaluate evidence regarding some information associated with an economic entity, to determine the degree of correspondence between the amount of information with the established requirements.

A compliance audit is categorized as one audit type that is affiliated with obtaining and examining evidence of whether the financial movements or operations of an entity are under certain requirements, provisions, or regulations (Boynton et al., 2002: 1). Hence, it can be concluded that the sharia compliance audit is a type of compliance audit that is based on sharia principles, both according to the normative law of the Qur'an and al-Hadith, the sharia board decision (*fatwa*) from the Indonesian Ulama Council or in Indonesian is called as "*Majelis Ulama Indonesia (MUI)*" related to *zakat*, as well as positive law.

Sharia compliance audits require reference standards that can be used as guidelines in carrying out sharia compliance audits. In simple terms, the standard is a measure of quality. Therefore, in audit work,

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auditors want to confirm the existence of these standards. With this standard, the auditee, the party using the audit report, and other parties can measure the quality of the auditor's work (Tuanakotta, 2014: 115). If a sharia auditor conducting this compliance audit works without having audit standards, then the auditee puts himself in a very helpless position. Especially in finding fraud against deviations from sharia principles in *zakat* management organizations.

Until now, the sharia audit of *zakat* management organizations does not have standard guidelines yet for running sharia compliance audits. The Ministry of Religion as the executor of this organization should construct sharia audit standard rules that will evolve the reference in its implementation. However, since today there has not been a standard issued by the Ministry of Religion regarding these standard rules.

In widespread, conducting a sharia compliance audit must have at least three categories of standards (Boynton et al., 2002: 10) including:

1) General standard

- a) The sharia compliance audit must be carried out by one or more people who have sufficient technical expertise and training as an auditor
- b) In all matters associated with the engagement, the sharia supervisory board (sharia auditor of "*organisasi pengelola zakat*" (opz)) must always maintain an independent mental attitude in conducting sharia compliance audits.
- c) In the implementation and preparation of reports, sharia auditors are needed to use their professional skills carefully and thoroughly.

2) Employment standards

- a) Work must be carefully planned and if used assistants should be properly supervised
- b) Have a satisfactory understanding of the internal control structure, to be able to plan the audit, and determine the character, timing, and scope of the tests to be utilized.
- c) Obtain competent audit evidence that can be obtained through the process of inspection, observation, inquiry, and confirmation as a

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sufficient basis for expressing an opinion on the movements and financial statements of the company being audited

3) Reporting standards

- a) The report from the auditor must describe whether the activities of the *zakat* management organization are under sharia principles.
- b) The auditor's report may include in-depth informative disclosures regarding the adequacy of the audit report records.
- c) The auditor's report must contain a statement of opinion regarding the company's overall activities following sharia principles, or an assertion that such a statement cannot be given. If an overall opinion cannot be given, then there must be a valid reason.

Compliance audits are considered an important aspect to avoid fraud on the deviation of sharia values in Islamic financial institutions. This is in line with the duties and functions of the sharia supervisory dean to ensure the degree of conformity between "sharia provisions" or provisions according to the Islamic religion and their operational implementation.

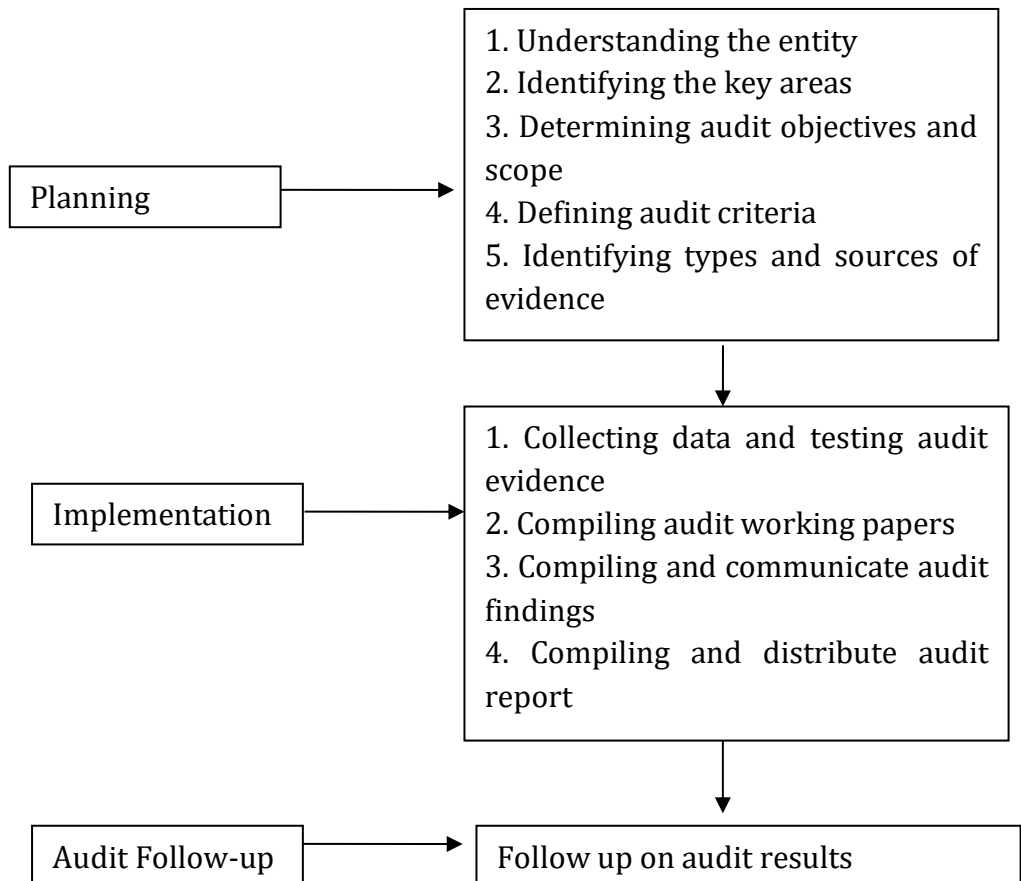
2. Framework of Sharia Audit for *Zakat* Management Organization

The sharia audit of the *zakat* organization in the previous study discussed the audit which includes an in-depth examination of the implementation of sharia provisions on the operational *zakat* management organization. This provision includes provisions for planning, implementation, as well as technical procedures related to the collection, distribution, and utilization of *zakat* funds with effective and targeted marks following fiqh rules or Islamic provisions associated with *zakat*.

As a contemporary theory in the design of sharia audits related to *zakat* management organizations, it is essential to track and study theories about auditing in general as well as theories about compliance audits that are combined and matched comprehensively based on Islamic provisions regarding *zakat* (fiqh) and modern *zakat* management to design a thinking paradigm. To facilitate the flow of the paradigm frame of mind, an audit workflow diagram is made as a path that must be taken for the objectives to be accomplished.

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To represent the framework and concept of sharia audit of *zakat* management organizations, it can be seen in the diagram below;



Source: Audit Cycle Visualization (Rai, 2008: 76)

a. The Concept of Sharia Audit towards *Zakat* Management Organization

Sharia audit of *zakat* management organizations is part of the compliance audit. This means that compliance with the provisions of sharia is based on the arguments of the Qur'an and hadith as well as the agreement of the scholars regarding the rules of Islamic provisions (*fiqh*) related to the management of *zakat*.

The legal ground for the concept of sharia audit of *zakat* management organizations is found in Law number 23 of 2011 concerning *Zakat* Management, as well as an explanation of the Act

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included in Government Regulation number 14 of 2014 concerning the explanation of Law number 23 of 2011. Supervision of sharia audits This is carried out by the Ministry of Religion following the mandate of the Act.

The establishment of *zakat* institutions in Indonesia became one of the grounds for the issuance of this law in response to guaranteeing a trustworthy, professional and trustworthy *zakat* management. To realize the trust of the public, especially Muslims, the government is obliged to intervene in it related to regulating and guaranteeing a sense of security to citizens with a supervisory model.

The allocation of *zakat* funds is occasionally still confronted by some private *zakat* institutions on a national scale that has several branches in the regions, besides sometimes they pay less attention to the allocation of *zakat* funds. As a result, the meant allocation is the number of *zakat* institutions distributing *zakat* funds to other places (not places where *zakat* should be collected belongs). This obviously violates sharia guidance that *zakat* must be distributed where *zakat* is collected unless it is for parties who should receive *zakat* or called "*mustahiq*" where *zakat* collected is no longer found.

Law Number 23 of 2011 mandates Muslims to manage *zakat* properly and correctly including fairly and equitably. The term is an important concept and must be understood collectively by Muslims so that the management of *zakat* can achieve the target of empowering the people. In this context, Law Number 23 of 2011 asks the government to carry out comprehensive guidance so that the substance and objectives of *zakat* management achieve the targets to be achieved.

In widespread, guidance is portrayed as all efforts and activities regarding planning, organizing, financing, coordinating, implementing, and supervising a job to achieve objectives with maximum outcomes. This guidance is a system device that must be carried out functionally to ensure the survival of the system until it reaches the expected goals (Standardization of *Amil Zakat* in Indonesia, Ministry of Religion of the Republic of Indonesia, 2013)

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Guidance for *zakat* management organizations is carried out by the Minister, Governor, and Regent/Mayor, this is based on Law Number 23 of 2011 article 34;

- 1) The Minister carries out guidance and supervision of BAZNAS, provincial BAZNAS, Regency/city BAZNAS, and LAZ.
- 2) Governors and regents/mayors carry out guidance and supervision of provincial BAZNAS, regency/city BAZNAS, and LAZ following their authorities.

Through the Minister of Religion, the Government has the role of supervising the *zakat* management organization which functions to oversee several aspects including management, finance, and supervision of sharia compliance. As a result, the government must establish standards for *zakat* management both in terms of human resources, organizational management, accounting standardization, including quality standardization.

The management of *zakat* cannot be detached from the provisions of sharia. This is because the definition of *zakat* is the third pillar of Islam which is mentioned repeatedly in both the Quran and Hadith. The application of sharia principles has a definition as an absolute requirement for every activity carried out by *zakat* management organizations. Therefore, to ensure that every operationalization of *zakat* institutions is following sharia provisions, a sharia supervisory board is needed. The principle issues that are often found in *zakat* management are expected to be answered by the sharia supervisors in the institution. Thus, it can be ensured that all activities that take place in *zakat* institutions are under religious provisions (Forum Zakat, 2012: 32).

Dealing with the certainty of a *zakat* institution in implementing sharia compliance, the government has discoursed the existence of a sharia audit through the Ministry of Religion. However, until now the terms of reference for the sharia audit have not been issued by the Minister of Religion.

b. The Plan of *Zakat* Management Organization Sharia Audit

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The auditor must carry out sufficient planning and documentation to determine the audit objectives. This objective is something the audit hopes to assemble. The auditor shall plan the audit to lessen audit risk to such a degree that the auditor obtains a reasonable assessment that the evidence is sufficient and proper to support the auditor's findings and draw conclusions.

1) The comprehension of the audited *zakat* management organization

An understanding of the audited toward *zakat* management organization needs to be done to sharpen the audit objectives, identify critical issues, and avoid misleading findings so that the audit can be carried out more economically, efficiently, and effectively.

An overview of the *zakat* management organization regarding all information about the entity can provide a comprehensive concept of the entity. Information regarding the general description of the entity includes the following matters (Rai, 2008: 84-85):

- a) Vision, mission, and strategy of the *zakat* management organization;
- b) Legal mandate;
- c) The policies that are established by the *zakat* management organization;
- d) Scope of internal, external, and related parties (stakeholders)
- e) The main tasks and functions of the *zakat* management organization;
- f) Organizational structure;
- g) Budget and reality;
- h) Existing internal implementation guidelines and operational guidelines;
- i) Description of the management information system;
- j) Key performance indicators used;
- k) Entity records in the form of minutes of leadership/management meetings;
- l) Results of management and stakeholder discussions;
- m) Evaluation results and internal audit reports of *zakat* management organizations;
- n) Evaluation of the entity's program and internal audit plan, and

o) Results of previous audits.

2) Identify key areas of *zakat* management organization

A key area is a place, spot, or activity that is the focus of an audit within the entity. Given the breadth of fields, programs, and activities in the audited entity, the selection of this area must be carried out, so that it is not possible to conduct audits in all places of *zakat* management organizations (Rai, 2008: 96).

Determination of key areas can be done based on the selection factors consisting of (a) management risk; (b) the significance of a program, which includes financial materiality, critical limits of success, sharia review in the study of Islamic provisions or *fiqh zakat*, (c) audit impact, and (d) audibility.

3) Setting objectives and scopes

The objective of implementing a sharia audit is to help members of the organization to carry out their responsibilities effectively. Therefore, the auditor will provide various analyses, assessments, recommendations, instructions, and information concerning the activities being audited. The objective is to include efforts to develop effective controls at a reasonable cost.

The scope of the audit is the limitation of an audit. This scope provides boundaries for the field or activity to be audited, the period being audited, and the type of investigation to be carried out (Rai, 2008: 106).

4) Setting of Criteria

Audit criteria are categorized as standards, measures, expectations, and practices that should be carried out or produced by the audited entity. Auditors can use two approaches to determine criteria, namely process criteria and outcome criteria (Rai, 2008: 110).

5) Identification of Evidence

According to Konrath as quoted by Sukrisno Agoes, there are six types of audit evidence, namely: *Physical evidence*, *Confirmation Evidence*, *Documentary Evidence*, *Mathematical Evidence*, *Analytical Evidence*, dan *Hearsay (Oral) Evidence* (Agoes, 2012: 119).

a) *Physical Evidence*

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This type consists of any stuff that can be counted, maintained, observed, or inspected, especially useful to support the purpose of existence. Models are physical evidence obtained from hospitalization cash, observations from physical inventory calculations, physical examination of securities, and inventory of fixed assets (Agoes, 2012: 119).

b) Confirmation Evidence

It is an evidence that has got directly from third parties outside the client regarding the existence, ownership, or valuation. As an illustration, confirmation of accounts receivable, payable, consigned goods, securities saved by the securities administration bureau, and confirmation from the client's legal advisor (Agoes, 2012: 119). The confirmation process includes:

- (1) Selection of requested elements
- (2) Confirmation request design
- (3) Communicating confirmation requests to third parties
- (4) Getting answers from third parties
- (5) An assessment of the information, or lack thereof, of information provided by third parties regarding the purpose of the audit, including the reliability of the information.

c) Documentary Evidence

Documentary Evidence consists of various accounting records and all supporting documents for transactions. Among them are purchase invoices, copies of sales invoices, journal vouchers, general ledgers, and sub-ledgers (Agoes, 2012: 119).

d) Mathematical Evidence

Mathematical Evidence is a calculation, recalculation, and reconciliation performed by the auditor. For instances are footing, cross footing and extension of inventory details, calculation and allocation of depreciation expense, calculation of interest expense, profit/loss on withdrawal of fixed assets, income tax, and accruals. To organize reconciliation, several things can be done such as checking bank reconciliations, reconciling accounts receivable and payable balances

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according to the general ledger and sub-ledgers, reconciling inter-company accounts, and others (Agoes, 2012: 119).

e) Analytical Evidence

This type refers to an evidence that has obtained through a review of the client's financial information. This review should be carried out at the time of planning the audit, before conducting substantive tests, and at the end of fieldwork (Agoes, 2012: 119).

f) Hearsay (Oral) Evidence

This type of evidence is in the form of verbal answers from clients to questions posed by the auditor. For example, the auditor's questions regarding internal control, related to the existence or absence of contingent liabilities, slow-moving or broken inventories, important events after the balance sheet date, and others (Agoes, 2012: 119).

c. Implementation of Sharia Audit of *Zakat* Management Organizations

The next phase is the implementation of the audit, in carrying out the audit the auditor must initiate the audit phase by collecting and reviewing audit evidence, constructing audit working papers, and findings, and preparing reports on audit results.

1) Collection and testing of audit evidence

In this case, the auditor must obtain the appropriateness of the evidence as a measure of the quality of the relevant and reliable evidence in fulfilling the audit objectives for the classes of transactions, account balances, and related disclosures. If the evidence is considered very appropriate, it will be very helpful in convincing the auditor that the financial statements have been presented fairly (Arens et al., 2011: 154). Therefore, the auditor must identify the relevance of the evidence, the reliability of the evidence, its adequacy, the combined impact of its accuracy and adequacy, reliability, and cost.

The measurement of the validity of the evidence for the above audit depends on the independent judgment of the auditor. The audit evidence that varies greatly affects the conclusions made by an independent auditor to provide an opinion on the financial statements that have been

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audited by him. Accuracy of objectives, objectivity, timeliness, and the presence of other audit evidence that substantiates the conclusions affect the competence of evidence.

2) Preparation of audit working papers

Working papers are records maintained by the auditor such as the matters he has taken, the tests he has carried out, the information he has obtained, and the conclusions he has made in connection with the audit (Arens et al., 2011: 144).

The auditor must design and maintain working papers whose contents must be designed to meet the circumstances he encounters in a particular engagement. The information contained in the working papers is the main record of the work that has been carried out by the auditor and the conclusions he has made regarding significant matters.

3) Preparation and communication of audit findings

In simple terms, audit findings are defined as a cluster of essential issues (materially) that have been found during the audit and these issues deserve to be raised and communicated with the audited entity because they influence improving performance, effectiveness, and efficiency (Rai, 2008: 179).

In the disclosure of audit findings, there is often an inappropriate assumption that every audit must require negative findings. Incorporating negative or positive findings in the report makes the report more balanced and objective, and even tends to increase the professionalism of the auditor.

Audit findings are facts compiled based on data from the auditor's point of view. Before becoming a formal audit report material, the consequential figures need to be updated and validated.

4) Preparation of audit report results

The report phase is the most crucial stage of the audit work cycle. The audit report must provide added value for stakeholders. Therefore, the audit report must be prepared as well as possible.

Commonly, the benefit of the audit report is as a communication tool between the auditor and the auditee as well as the government

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authorities to avoid misconception and misinterpretation of the audit results.

In performance audits, the purpose of audit reporting results is to supply information, recommendations, and independent assessments for users of reports regarding the implementation of the audited entity's activities, whether they have been carried out economically, efficiently, and effectively or not (Rai, 2008: 187).

Structure and Method of Presenting Reports

Report structure

- 1) Title
- 2) Summary
- 3) Introduction
- 4) Objectives and Scope of the audit
- 5) Reporting Time
- 6) Audit Criteria
- 7) Methodology
- 8) Finding
- 9) Conclusions and recommendations
- 10) Glossary of terms

Steps for preparing the Audit Report

- 1) Drafting the Report
- 2) Get Agency Comments
- 3) Compile the final report

d. Follow-up Sharia Audit of *Zakat* Management Organizations

The follow-up to the audit holds several steps that must be handled by the auditor after the audit report is submitted to the auditee. This step is an activity to identify and document the progress of the auditee in implementing efficient audit recommendations (Rai, 2008: 204). Concerning the role of auditors, the Ministry of Religion takes steps towards the results of audits conducted on *zakat* management organizations, whether the conducted audits found material findings or not. This will impact significantly on the managers of *zakat* management

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organizations to enhance sharia compliance from trustworthy, professional, and transparent *zakat* management.

If material matters are found, the auditor must plan follow-up actions on these findings. With the following phases;

- 1) Determine whether follow-up will be carried out or not
- 2) Determine the scope of follow-up
- 3) Cross audit follow-up
- 4) Prepare resources for follow-up
- 5) Schedule follow-up

CONCLUSIONS AND RECOMENDATIONS

To sum up, a sharia audit of *zakat* management organizations is necessary that must be carried out. This is based on several significantly urgent reasons including, the number of *zakat* management organizations in Indonesia, the different principles involved by each *zakat* management organization, and the lack of supervision from related parties. Therefore, with this sharia audit, the certainty of trustworthy, professional, and transparent *zakat* management can be realized. So that it will provide a sense of security and comfort for “muzakki” and “mustahiq” regarding responsible and dignified *zakat* management.

The existence of Law Number 23 of 2011 and Government Regulation Number 14 of 2014 is adequate to become the legal basis for the implementation of sharia audits of *zakat* management organizations. However, as a reference and working rules, sharia audits have not been carried out until now, considering that the law governing it has been issued by the government since 2011. This is an input and hope for the Ministry of Religion to immediately construct rules and carry out sharia audits for the advancement and benefit of *zakat* for Muslims in Indonesia.

This paper discusses general audit concepts that can be used as a reference in order to design a sharia audit concept for *zakat* management organizations in Indonesia. By adopting sharia rules as the basic basis for sharia audit processes and procedures for *zakat* management organizations which include: (1) the scope of sharia audit is in the field of collection and distribution with the auditors of the Ministry of Religion of

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the Republic of Indonesia; (2) sharia audit stage; planning, implementation and reporting stages; (3) audit results in the form of opinions according to or not in accordance with sharia and recommendations. For zakat institutions, the implementation of sharia research is very important as sharia accountability. Audit is one of the media to increase public trust in zakat institutions.

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