

# Optimization of the Implementation of PSAK 112 in An Effort to Increase Accountability for the Management and Reporting of Waqaf Assets at the Pondok Pesantren Foundation

Risti Ulfi Hanifah, Ahmad Sahri Romadon, & Sulistyorini

University of Semarang, Semarang, 50196, Indonesia

## Abstract

Implementation of Financial Accounting Standards (SAK) PSAK 112: Accounting for Waqaf, which specifically regulates waqaf, is a positive signal for endowments in the country. Especially institutions that are directly involved in waqaf management. So that the management and presentation of waqaf assets at the Islamic boarding school foundation becomes more structured. PSAK 112 regulates accounting for nadzir organizations and wakif organizations. In an effort to optimize the potential of waqaf assets, the Indonesian Waqaf Board stated the need for good, accountable, planned, structured, and systematic management and reporting of waqaf assets as a form of responsibility for nazhir Islamic boarding school foundations with wakif as the endowment party. The implementation of PSAK 112 is to help waqaf managers from the responsibility for managing and reporting waqaf assets to become important. This study aims to analyze the optimization of the implementation of PSAK 112 in an effort to increase accountability for the management and reporting of waqaf assets at Islamic boarding schools foundations, through two questions, namely how Nadzir's participation in the implementation of PSAK 112, how the effect of increasing accountability for asset management and reporting on the implementation of PSAK 112. This is because the participation of nadzir in managing waqaf assets plays an important role in the development of waqaf assets. The results show that the management of waqaf assets at the RM Islamic boarding school foundation is carried out by combining the records of the value of waqaf assets that are debited with the value of donations in the form of infaq, shadaqah, charity that are debited to the foundation's account in the existing financial statements. There are differences in the recording of financial statements made by foundations with regulations, so that the implementation of PSAK 112 on accountability for management and financial reporting of Islamic boarding schools is not optimal. There are several obstacles related to budget management and the preparation of financial reports which are considered not appropriate, this is due to a lack of knowledge about statements of Islamic financial accounting standards and accounting for Islamic boarding schools, so that there is no nadzir participation in the islamic boarding school foundation towards the implementation of PSAK 112. Islamic boarding schools only focus on how to record in the form of income minus expenses and used for the purposes of Islamic boarding schools and the benefit of the people.

*Keywords:* accountability, implementation of PSAK 112, islamic boarding school foundation.

## 1. Introduction

Indonesia is a country where the majority of the population is Muslim, in terms of the Islamic economy there are several humanitarian activities including shadaqah, charity, infaq, zakat and waqaf. This activity is carried out as a form of gratitude to Allah SWT for his gifts. Sadaqah, charity, infaq and zakat are activities that are common and easy for the community to do, so their management is not too difficult and many social institutions manage these activities. While waqaf has a contribution to economic development, in general waqaf is known by giving up assets owned for the benefit of the people such as the construction and development of mosques, Islamic boarding schools and schools. As time goes by, more and more people and other business entities are able to donate their assets, this is evidenced by the higher value of assets recorded in religious foundations. Waqaf is one of the worships in Islam whose benefits will continue to flow even though the party who has donated the other property has died. In the history of Islam, according to HR.Tirmidhi, no. 324 and IbnMajah no. 14110 says that this Hadith is Hasan, the practice of waqaf was discovered before the time of the Nabi Muhammad. The first known waqaf was the Quba Mosque which is located 5 km from the center of Medina. Rasulullah SAW built the Quba Mosque in 1 Hijriyah or 622 AD when he stopped in Quba before

\*Corresponding author.

E-mail address: [ristiulfi@usm.ac.id](mailto:ristiulfi@usm.ac.id)

continuing his migration journey to Medina. The Quba Mosque, which was built from palm fronds, clay, and desert stones, looks very simple and only functions for prayer, dhikir, and shelter during the day in the hot sun. The mosque which is a witness to the history of the beginning of the Islamic revival which began in Medina has a number of virtues, including what the Nabi Muhammad said, "Prayer at the Quba Mosque, (the reward) is like Umrah." (Harahap & Darwanto, 2021).

Waqaf according to Law no. 41 of 2004 is a legal act of waqaf to separate or surrender part of his property to be used forever or for a certain period of time in accordance with his interests for the purposes of worship or the welfare of the general public according to sharia. At the beginning of the development of Islam, the types of waqaf were only limited to objects that did not move or last a long time according to their substance, but through the current development, cash waqaf has been included as a type of waqaf that has been recognized by the public. In accordance with the development needs of the waqaf community, it should not be allowed to remain silent but may be developed on the condition that it does not spend the waqaf property so that it becomes a productive waqaf. In the management of waqaf assets, it must be in accordance with sharia and the results are fully used for the welfare and public interest. The success of waqaf management is the responsibility of Nadzir. Nazhir's role in the management of waqaf assets is very important. Professional waqaf managers have human resources, managerial abilities, religious knowledge and special skills. If Nazhir does not understand with certainty the sciences of waqaf management, then it is certain that the waqaf asset management system will be less than optimal and may experience a decline in value. In its management, Nazhir requires the support of an adequate accounting system and management system so that zakat can truly have a social function and the economic development of the people.

The development of waqaf in the last few years has shown a significant increase, in fact it has become a trend with the presence of waqaf management innovations, ranging from stock waqaf, insurance waqaf, and waqaf banks (BWI, 2021). Nazhir is not only required to manage waqaf assets but also to create innovations in the management of waqaf assets. With modern innovations in the management of waqaf assets, the value of waqaf assets will be maintained and even increased. This causes the benefits to be greater and wider to be felt and also automatically makes the reward of alms Jariah for the wakif (Harahap & Darwanto, 2021).

Islamic Boarding Schools, which have been traditional, have begun to open up to accept changes. Such conditions encourage Islamic boarding schools to seek alternative solutions to improve the quality and quality of their education. The development of waqaf in Islamic boarding schools becomes a certainty and is regulated by law. Through waqaf funds, be it productive waqaf or cash waqaf, it is hoped that Islamic boarding schools will remain an independent educational institution that always raises the voice of rights. Waqaf assets that have not been optimally developed productively will be able to be developed proportionally and can compete with other educational institutions.

Based on the Financial Accounting Standards (SAK) PSAK 112: Accounting for Waqaf, which specifically regulates waqaf to be safe for waqaf in the country. Especially institutions that are directly involved in waqaf management. Because previously, for waqaf transactions there was no SAK that regulated, so the reference was still following PSAK 109 on Zakat, Infak and Sahadaqah, PSAK 45 on non-profit organizations and PSAK 101 on presentation of financial statements of sharia entities. PSAK 112 regulates accounting for nadzir organizations and wakif organizations. Nazhir is the manager of waqaf while wakif is the person who is waqaf. In addition, financial reporting illustrations for waqaf, both nazhir and wakif, are also presented. The presence of PSAK 112 is very helpful for organizations involved in waqaf in an effort to improve transparent and accountable institutions.

The purpose of this Statement of Accounting Standards is to provide arrangements regarding the recognition, measurement, presentation and disclosure of waqaf transactions carried out by both nazhir and wakif entities in the form of organizations and legal entities which so far have not been accommodated by the existing sharia PSAK, causing various inconsistencies in its application. The number of waqaf assets has gradually increased along with the increasing number of Muslim population in Indonesia. Then waqaf assets spread for the use and construction of mosques and religious schools (pesantren). According to BWI (2021) in the context of national and state life, Islamic boarding schools as part of the national education system play a role in producing nation's children who have high integrity in participating in nation building. This is where the independence of Islamic boarding schools becomes very important to be maintained so that voting rights remain clean echoed from the top of the boarding school ridge. The government's policy of implementing nine-year compulsory education still leaves big problems. Students with middle to lower economic backgrounds are almost powerless to compete for school seats at higher education levels in public schools. Islamic boarding school is an alternative for the community because the cost is relatively cheaper. By looking at the current development situation and existing data, Islamic boarding schools are not just non-formal religious education institutions but also religious education that also provides formal education. This is due to the increasing number of

parents' interest in sending their children to boarding schools. With this, it demands the management of Islamic boarding schools to be better, correct and considered transparent, starting from the asset management and reporting system as the accountability of organizational management to stakeholders.

PondokPesantren RM (anonymous) is a foundation and social institution engaged in education, especially Islamic boarding schools, schools or madrasah. The basic elements possessed by the Islamic boarding school are Islamic boarding schools consisting of mosques, kyai's houses, huts, madrasah, and skill houses. RM PondokPesantren has one spacious location. RM Islamic boarding school has teaching staff and boarding school managers who are competent in their fields, so that the quality of Islamic boarding schools becomes good Islamic boarding schools. RM Islamic Boarding School received voluntary donations from the parents of students, the community and stakeholders. Although it is considered voluntary, many people and stakeholders have donated cash assets. The potential of cash waqaf assets at the RM Islamic boarding school foundation is quite large, so that cash waqaf assets can be used for the development of Islamic boarding schools foundations and for the benefit of the people. Seeing the conditions in the field, it is necessary to manage and report assets in accordance with applicable accounting standards.

Proper recording and management is important to provide information to interested parties on waqaf, so that it becomes a source and utilization of waqaf that plays a role in creating the welfare of the people who can be accounted for to all stakeholders for the waqaf. In addition, if there is no recording, treatment and reporting is considered to cause difficulties in measuring and reporting the optimization of waqaf distribution (Hazami, 2016).

Based on PSAK 112 which states that the waqaf fund managed and developed by Nazhir is a reporting entity that presents general purpose financial statements separately from the financial statements of Nazhir's organization or legal entity. This is because the organization or legal entity does not have control over waqaf funds. Organizations and legal entities as nazhir act as parties given the mandate to manage and develop waqaf assets.

Waqaf assets have a contribution to economic development. The number of waqaf assets whose potential is increasing at this time requires waqaf managers for better transparency and accountability in managing and reporting them (BWI, 2021). With the implementation of PSAK 112, the management and reporting of waqaf assets should be easier. Therefore, the focus of this study is to analyze the effect of optimizing the implementation of PSAK 112 on accountability for the management and reporting of waqaf assets by Nazhir at the Islamic boarding school foundation.

## **2. Related Study**

### *2.1. Attribution Theory*

According to Fritz Heider as the originator of attribution theory, attribution theory is a theory that explains a person's behavior. Attribution theory explains the process of how we determine the causes and motives for a person's behavior. According to Luthans (2005) this theory refers to how a person explains the causes of the behavior of others or himself which will be determined whether it is internal such as nature, character, attitude, etc. or external such as pressure from certain situations or circumstances that will have an influence on individual behavior.

### *2.2. Foundation: Islamic Boarding School*

Pesantren is an educational institution that has long been established, growing and developing in Indonesia. Pesantren has a big role in educating the people long before Indonesia's independence. Until now, pesantren is still one of the institutions of choice for the community in carrying out the educational process for the younger generation, even though the challenges are very heavy and complex. In terms of boarding schools are Islamic educational institutions where students usually live in boarding houses (dormitory) with teaching materials of classical books and general books aimed at mastering Islamic religious knowledge in detail and practicing it as a guide for daily life by emphasizing the importance of morals in social life.

### *2.3. Waqaf*

Understanding Waqaf etymologically waqaf means to withhold, prevent, forever, remain, understand, connect, revoke, leave and so on. Waqaf is the act of a person to separate part of his property/property used for the benefit of worship and public welfare. Waqaf according to Law number 41 of 2004 is: a legal act of wakif to separate and/or surrender part of his property to be used forever or for a certain period of time in accordance with the interests of worship and/or general welfare according to the Sharia.

From the definitions, waqaf can be interpreted as the process of handing over assets, assets or funds belonging to a person or entity, to a person or entity that acts as a nadzir with the aim of being managed and utilized for the benefit of the people in the long term.

#### 2.4. *Waqaf Transactions*

Transaction is an activity that causes changes to the position of the company's financial assets, such as selling, buying, paying salaries, and paying various other costs. Transactions are events that can affect the financial position of an organization, resulting in changes in at least two accounts. Transactions are usually evidenced by documents or transaction evidence. Transaction evidence is written evidence as a result of transactions or company activities that cause changes in assets in the financial statements.

#### 2.5. *Types of Waqaf*

Based on the type of use, the use of waqaf property is divided into two types, namely expert waqaf (waqafdzurri) namely waqaf intended for the benefit and social guarantee within the family or relatives itself. Based on Types of Assets In Law No. 41 of 2004 concerning waqaf, it can be seen from the types of assets that can be waqaf consisting of the following; (1) Immovable assets consisting of, land, building rights, gardens, houses, other immovable assets in accordance with the provisions of sharia principles; (2) movable assets other than money consist of: industrial machinery or equipment, motor vehicles, airplanes, shares, state debt securities, bonds, copyrights, brand rights and other movable property rights; (3) movable objects in the form of money (cash waqaf) cash waqaf is an innovation in waqaf and Islamic public finance. Cash waqaf opens unique opportunities for investment creation in the fields of religious education and social services because of its more flexible management. Based on the type of time based on time, waqaf is divided into (1) muabbad, namely waqaf that is given forever, (2) mu'qqot, namely waqaf that is given for a certain period of time.

#### 2.6. *Waqaf Accounting*

##### 2.6.1. *Sharia Accounting*

Accounting is the measurement, translation, or assurance of financial information that helps managers, investors, tax authorities and other decision makers to make resource allocation decisions in companies, organizations, and government agencies. Sharia accounting is accounting with a concept of sharia law that comes from Allah SWT, not human creation, and sharia accounting (Islamic accounting) demands that companies have ethics and accountability in the afterlife, where everyone will be held accountable for all their actions before God. Understanding sharia accounting is accounting that aims to help achieve socio-economic justice (Al Falah) and fully recognize the obligations to God, individuals and society related to parties involved in economic activities such as accountants, managers, auditors, owner, government et al as a means of worship. The agency that publishes Islamic accounting standards or sharia accounting is AAO - IFI (Accounting Auditing Organization for Islamic Financial Institutions) which has been established since 1991 in Bahrain. (Adnan, M. Akhyar, *Islamic Accounting: Directions, Prospects and Challenges* 2005).

##### 2.6.2. *PSAK 112*

In general, waqaf institutions are established to manage one or a number of waqaf assets, so that maximum benefits can be achieved for the welfare of the people. Currently, the sharia accounting standards board of the Indonesian accountants association has issued an exposure draft (DE) of PSAK 112 on waqaf transactions to regulate the recognition, measurement and presentation and disclosure of waqaf transactions.

PSAK 112 is used as the basis for the analysis of waqaf transactions presented by waqaf institutions. PSAK 112 was issued in May 2018, ratified 7 Nov 2018, and effective January 1, 2021, which aims to specifically regulate waqaf transactions regarding the receipt, management and development of waqaf assets. The purpose of the preparation of PSAK 112 is to regulate the recognition, measurement, presentation, and disclosure of waqaf transactions.

##### 2.6.3. *Financial Statements of Waqaf Entities*

###### 1) Statement of Financial Position

Assets are classified into current assets and non-current assets, and liabilities are classified into long-term liabilities.

## 2) Report Details of Waqaf Assets

DSAS IAI decided that new assets obtained from the results of waqaf management and development are additional waqaf assets, then waqaf entities need to present a report on changes in waqaf assets in which the report contains elements, namely waqaf assets received from waqaf and waqaf assets derived from management and development.

## 3) Activity Report

Waqaf entities present activity reports that include the following elements:

- a. permanent waqaf acceptance
- b. temporary waqaf receipt
- c. impact of re-measurement of waqaf assets
- d. results of waqaf management and development
- e. waqaf distribution

## 4) Cash Flow Statement

The waqaf entity presents a statement of cash flows in accordance with PSAK 2: Statement of Cash Flows, other PSAK, and the relevant ISAK.

## 5) Notes to Financial Statements

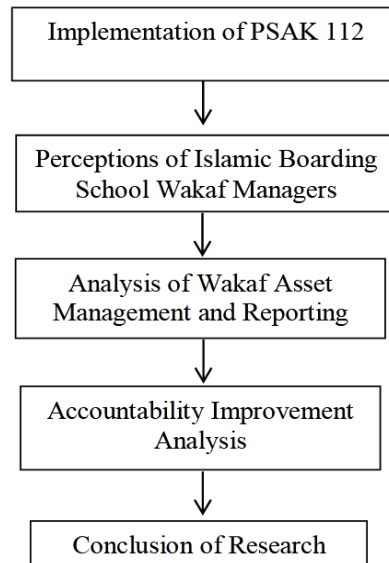
The waqaf entity presents notes to the financial statements in accordance with PSAK 101 Presentation of Islamic Financial Statements.

### 3. Research Method

This study uses a qualitative approach by explaining or explaining clearly and in detail a phenomenon and obtaining complete data on the research subject. The method used in this research is comparative descriptive, namely by means of researchers describing the findings in the field from the results of interviews, observations and documentation. This study explains existing social phenomena by developing concepts and gathering facts, but the author does not test the hypothesis. This study uses a single case study strategy at the RM Islamic Boarding School in Kendal City. Data collection techniques used are interviews (interviews), interviews with managers, especially nadzir Islamic boarding schools in accordance with the data to be obtained with statements to be presented, then observations (observations). Observations in this study used a direct technique, namely observations made by researchers coming directly to the RM Islamic boarding school in April - June 2022 through in-depth observations and interviews. The in-depth interviews involved informants, especially the managers, caregivers, and nadzir of the RM Islamic Boarding School.

Observations by determining agreement with sources of information regarding time, place, and what tools may be used in observation, as well as documentation studies are carried out to obtain secondary data as support for documents, especially those relating to waqaf belonging to the RM Islamic Boarding School and its optimization efforts, as well as related documents. With conditions and general description of Islamic boarding schools as research locations and documents related to the focus and research problems.

This framework begins with the effective implementation of PSAK 112 regarding waqaf accounting, the authors look at the reality that occurs in the application of waqaf accounting, then the authors observe what kind of asset management and reporting Nazhir does in PSAK 112, then juxtapose it with increased accountability for the better. Then the author will interpret the results of the application of waqaf accounting at the Islamic boarding school foundation. It is hoped that the efforts of the Financial Accounting Standards Board in preparing PSAK 112 will run effectively. With the existence of waqaf accounting, it has a positive impact on increasing the accountability of the management and reporting of waqaf assets, so that it becomes more accountable and the role of nazhir as a party responsible for both social and religious matters becomes better. Through the implementation of PSAK 112, BWI's optimism towards the implementation of PSAK 112 can be carried out correctly and optimally.



**Figure 1.** Flow of Thinking

#### 4. Result and Discussion

RM Islamic Boarding School is an Islamic boarding school that was established on waqaf land which was originally an area of 600 M<sup>2</sup> on September 29, 2004. As usual, Islamic boarding schools are icons of education based on religion. The general objective of Islamic boarding schools in the development of Islamic education is to guide students to become human beings who have Islamic personality with their religious knowledge and are able to become transmitters of Islamic teachings in the surrounding community through their knowledge and practice. While the specific purpose of the pesantren is to prepare the santri to become pious in the religion taught by the kyai concerned and to practice it in society. Further analysis of this very simple educational institution emerged national figures, with the kyai figure as the leader of the Islamic boarding school being highly respected and respected, both by the pesantren community (santri) and the community around the lodge, they believed that what the kyai said was knowledge that contained knowledge. ultimate truth values (Ilahiyyah). Therefore, at the beginning of its establishment, the RM Islamic Boarding School had the main goal of reforming the nation's morals, of course with all the existing tools. Pondok RM has a special mission of formal education, in its articulation there are various segments in the realm of education. Outside of formal education, there is a segment of education that cannot be denied in participating in educating the nation's children, namely religious education.

##### 4.1. Analysis of Waqaf Management Accountability at the RM Islamic Boarding School Foundation.

Etymologically, waqaf is the act of a person to separate some of his property or property which is used for the benefit of worship and public welfare and the benefit of the people. Based on Law No. 41 of 2004, the use of waqaf assets has expanded in the management and development of waqaf assets for social infrastructure, one of which is Islamic boarding schools. The waqaf tradition at the RM boarding school in the form of land already exists and is officially managed by the manager of the Islamic boarding school (documentation of interviews with the caregivers of the RM boarding school). Meanwhile, the waqaf management system at the RM Islamic boarding school still uses the traditional way, the waqaf management system is managed by Nazhir. Nazhir Islamic boarding school RM named Mr.Dra. H. Ali Tjasman SH., MH seeks to properly manage waqaf funds for the development of Islamic boarding schools and for the benefit of the community as well as for the surrounding environment. Nazir's lack of knowledge regarding the management and development of waqaf assets is one factor in the absence of adequate control mechanisms, so that the management and development of waqaf assets at RM Islamic boarding schools is difficult to develop.

The RM Islamic Boarding School waqaf consists of:

### 1) *Land Waqaf*

Land waqaf is land that has been waqfed by the wakif to be managed for the benefit of Islamic boarding schools. The RM Islamic Boarding School which was founded by Mr. KH Muhammad Syakir was initially built on land and land with a borrowed status by a resident named Mr. Haji M. SahalMacfudz, then over time and the foundation of the boarding school developed, the land was then donated to a boarding school. Haji M. SahalMacfudz is called a wakif which is the name for the party who waqaf his property. While nazhirMr.Dra. H. Ali Tjasman SH., MH came from the manager of the cottage to receive waqaf property from the wakif to be managed and developed according to its designation.

The assets that the wakif handed over to Nazhir at the RM Islamic Boarding School were based on a contract known as the waqaf pledge, which means a statement of the will of the wakif spoken orally or in writing to Nazhir to donate his property. This contract was then set forth in a black and white agreement in front of two witnesses and the Waqaf Pledge Deed Official (PPAIW), namely the authorized official appointed by the Government of Indonesia to make the waqaf pledge deed (documented interviews with Nadzir and the caretaker of the RM Islamic boarding school).

The land waqaf was also received by the Islamic boarding school from Mr. Mohammad Choir for the development of the Islamic boarding school with RM with the pledge deed Kk.11.24.7/BA.03/21/2010 on September 29, 2010 and received by nazhirMr.Dra. H. Ali Tjasman SH., MH to be managed and developed into an RM Islamic boarding school asset. In the recording system, Nadzir only records and reports traditionally. Nazhir's level of understanding regarding the accountability of Islamic boarding schools is still lacking. The land waqaf was used to build a student dormitory and additional classrooms, while for the construction it was taken from cash waqaf, assistance, and grants (documentation of interviews with Nadzir and the caretaker of the RM Islamic boarding school).

After a wakif submits his property to be waqaf through a pledge, legally the waqaf that has been pledged cannot be canceled. In the rules of waqaf, the price of waqaf objects is property that has long-lasting durability or long-term benefits, and has economic value according to sharia which is waqaf by the wakif. In Article 11 of Law Number 41 of 2004, waqaf assets are then managed by nazhir, among others, managing the administration of waqaf objects, developing, supervising, and protecting waqaf assets. "In carrying out the tasks as referred to in Article 11, Nazhir may receive a reward from the net proceeds for the management and development of waqaf assets, the amount of which does not exceed 10 percent," reads Article 12.

### 2) *Cash Waqaf*

Cash waqaf is waqaf carried out by a person, group of people, institutions or legal entities in the form of cash, including in the sense that cash is securities. Cash waqaf is the development of waqaf from what was originally in the form of immovable assets (land and buildings), to movable/cash assets such as money. The waqaf assets and cash waqaf funds (money waqaf) of RM Islamic boarding schools are used to finance and develop waqaf assets as the development of Islamic boarding schools, such as dormitories, classrooms, mosques and so on. With the relatively large amount of cash waqaf that RM Islamic boarding schools receive regularly from local, provincial and ministerial governments, Nadzir hopes that the cash waqaf can be managed properly (documentation of interviews with Nadzir and the caretakers of the RM Islamic boarding school).

One way or strategy for developing cash waqaf, the waqaf can be managed to set up a small business or managed by lending it to parents of students who are in need and need it on a revolving basis without interest. RM Islamic boarding school in managing cash waqaf money is still focused on developing Islamic boarding schools and Islamic boarding schools regularly holding regular recitations to the community. Every month the students are free of charge, all the financing of the boarding school uses aid funds from the government, institutions, stakeholder communities, legislative bodies. Based on interviews, the Islamic boarding school received infaq, donations, sadaqah, waqaf from the parents of students, the community, stakeholders and other parties voluntarily which can be summarized on figure 2.

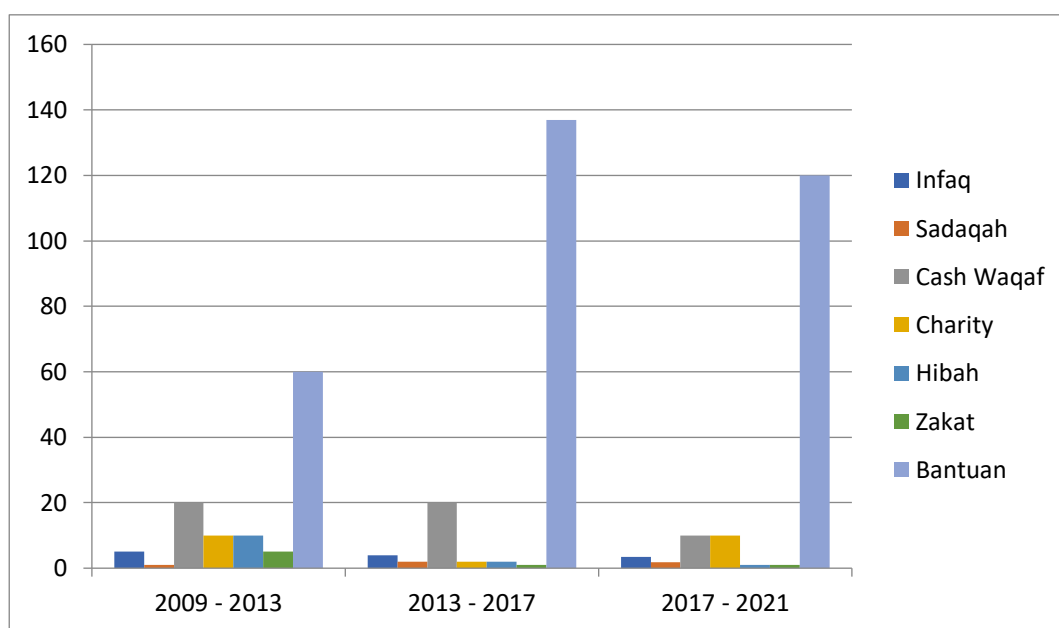
From the figure 2, it can be explained that the RM Islamic boarding school during 2008 to 2021 has received assistance from the regional and provincial governments in the amount of Rp. 60,000,000.00, the Ministry of Agriculture of Rp. 137,000,000. Cash waqaf from institutions every year starting from 2008 – 2013 is around Rp. 20,000,000, as well as cash waqaf given by wakifjama'i or individuals, infaq, sadaqah, donations from parents of students, grants and zakat to date.

In interviews with the caretakers of Islamic boarding schools, all assets managed by the RM Islamic Boarding School Foundation as a whole came from waqaf funds handed over to wakifjama'i and individuals, grants or donations given by the government or the community, sadaqoh, infaq, zakat, and donations. voluntarily by the parents of the students.

In recording cottage assets and cash waqaf, managers and nadzir said that there was a lack of knowledge or guidance so that the recording of cottage assets was still using a bookkeeping system that had not been properly organized (documentation of interviews with nadzir and the caretaker of the RM boarding school).

Based on the results of observations and interviews by the research team, it can be concluded that in Islamic boarding schools RM still uses the traditional system in managing infaq, sadaqah, waqaf, and bookkeeping or recording that is not up to standard as well as misplacement of income and expense account posts. Accounting practices that have been carried out at Islamic boarding schools (non-profit organizations) do not use appropriate financial reports, so that many financial reports are difficult to understand, cannot be used as comparison material and cannot be used as reference material by external parties. This is related to the Indonesian Institute of Accountants in collaboration with Bank Indonesia has issued Accounting Guidelines for Islamic Boarding Schools. This guide was created as a form of IAI and BI's alignment with the economic empowerment of Islamic boarding schools to be able to compile financial reports in accordance with generally accepted financial accounting standards in Indonesia.

The SAK used as a reference in the preparation of Islamic Boarding School Accounting Guidelines is the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). Considerations in choosing a reference to SAK ETAP are based on the relatively large value of assets managed by Islamic boarding schools. Presentation format for the financial statements of Islamic boarding schools as regulated in the Accounting Guidelines for Islamic Boarding Schools. This boarding school accounting guideline is applied only to Islamic boarding schools that have legal entities as foundations, where there has been a separation of wealth between Islamic boarding schools and the owners of the foundation. Islamic boarding school accounting guidelines are not applied to business entities that are legal entities owned by Islamic boarding schools such as limited liability companies.



**Figure 2.** Acceptance of RM Islamic Boarding School

#### 4.2. Accountability of Waqaf Reporting at RM . Islamic Boarding School Foundation

Islamic boarding schools are Islamic educational institutions with a dormitory or cottage system, where the kyai is the central figure, the mosque is the center of activity that animates it, and the teaching of Islam under the guidance of the kyai is followed by santri as the main activity. The definition of Islamic boarding school as a reporting entity is a boarding school that has a legal entity in the form of a foundation (IAI, 2018)

As a reporting entity, the assets and liabilities of Islamic boarding schools must be distinguished from the assets and liabilities of other entities, both organizations and individuals. Some Islamic boarding schools have business units that are managed independently which are still part of the legal entity of the Islamic boarding school foundation. The strategic business unit is included in the reporting entity of Islamic boarding schools. Business units of Islamic boarding



schools can also stand alone as separate legal entities, such as in the form of cooperatives, limited liability companies, and other forms of legal entities. These business units are not included in the scope of reporting entities of Islamic boarding schools. At the RM Islamic boarding school foundation, financial reporting is still in the form of a report showing the inflow and outflow of money (documentation of interviews with Nadzir and the caretaker of the RM Islamic boarding school).

In the reporting system of the RM Islamic boarding school foundation, it still uses traditional bookkeeping, so that reporting entities still show reporting entities that are not in accordance with entity accounting standards without public accountability. In recording the waqaf of the RM Islamic boarding school foundation there is a merger of the waqaf fund account with other income accounts originating from donations, infaq or grants, so that cash waqaf funds are still mixed with other funds (documentation of interviews with Nadzir and the caretaker of the RM Islamic boarding school).

According to PSAK related to entities without public accountability can be described in the presentation of financial statements as follows:

a) Purpose of Financial Statements

The purpose of the financial statements prepared and presented by the Islamic boarding school foundation is to provide information on financial position, performance, cash flows and other information that is useful for users of financial statements in order to make economic decisions; a form of accountability for the management of the boarding school foundation for the use of the resources entrusted to them.

b) Responsibility for Financial Statements

The board of the Islamic boarding school foundation is responsible for the preparation and presentation of financial statements.

c) Financial Statement Components

The complete financial report of the Islamic boarding school foundation consists of:

- Statement of financial position;
- Activity reports;
- Cash flow statement; and
- Notes to financial statements.

d) Financial Report Language

The financial statements of the Islamic boarding school foundations are prepared in Indonesian.

e) Functional Currency and Reporting

- The functional and reporting currency of the financial statements of the Islamic boarding school foundation is rupiah.
- The Islamic boarding school foundation records and reports every transaction that occurs at the Islamic boarding school foundation using the rupiah currency
- Islamic boarding school foundation transactions using currencies other than rupiah are recorded using the transaction exchange rate
- The balances of assets and liabilities denominated in foreign currencies are translated into rupiah using the middle rates of exchange of Bank Indonesia at the reporting date.

Based on the results of observations and interviews by researchers to the management and caregivers of the RM Islamic boarding school foundation in the field, it can be concluded that Islamic boarding schools still use traditional systems in financial reporting, such as merging waqaf fund accounts with other income accounts originating from donations, infaq or grants. and contributions from others. The accounting policies of Islamic boarding schools foundations must reflect the precautionary principle and include all material matters and are in accordance with the provisions in PSAK that should be carried out by Islamic boarding schools foundations, but the lack of knowledge and insight of Islamic boarding school managers causes these elements to be ignored, so the control mechanism inadequate. The financial statements fairly present the financial position, financial performance, and cash flows of the Islamic boarding school foundation, along with the required disclosures in accordance with the provisions of the Financial Accounting Standards (observations on the RM boarding school foundation).

#### 4.3. Implementation of PSAK 112 on Increasing Accountability

The very rapid development of waqaf institutions and the strategic role of waqaf for the progress of the people have become a vital organ in the world of waqaf. PSAK 112 is a regulation to provide specific guidelines regarding accounting treatment (recognition, measurement, presentation, and disclosure) of waqaf transactions carried out by nadzir (the party who receives the waqaf property) and wakif (the party who donates his property), both in the form of individuals, organizations and legal entities (IAI Sharia Accounting Standards Board, 2018). Based on PSAK 112, a waqaf entity is a reporting entity that prepares financial statements separately and is not consolidated with the financial statements of organizations or legal entities from nadzir. The financial statements of the waqaf entity if acting as the parent entity do not consolidate the financial statements of the subsidiary. In PSAK 112, the complete financial statements of waqaf entities consist of five forms of reports, namely statements of financial position, reports of details of waqaf assets, reports of activities, statements of cash flows, and notes to financial statements.

The basis for recognizing waqaf assets is the waqf pledge deed, while the conditions for recognizing waqf assets in the financial statements can be done when there is a transfer of control from wakif to nadzir by fulfilling two conditions, namely transfer of control over economic benefits and transfer of control of waqaf assets legally. The assets can be in the form of immovable assets (rights to land, buildings, or parts of buildings on land, plants, etc.), as well as movable assets (money, securities, rental vehicles, precious metals, and others). -other). Meanwhile, the measurement of waqaf assets received from wakif is nominal for assets in the form of cash and fair value for non-cash assets. In the transaction, the wakif will recognize the delivery of the waqaf asset as an expense in profit or loss, except for temporary waqaf transactions. Because in temporary waqaf, wakif assets are recorded as assets and presented as assets that are restricted in use (IAI Sharia Accounting Standards Board, 2018).

The basis for recognition of the distribution of waqaf benefits is when the waqaf benefits are received by the mauqufalaih (beneficiaries of the assets that have been waqaf). Meanwhile, the basis for recognition of the compensation received by Nadzir is the net result (net) of the management and development of waqaf assets that have been realized in the form of cash. In this case, the results from the management and development of waqaf assets must be recognized as additional waqaf assets (IAI Sharia Accounting Standards Board, 2018)

At the RM Islamic Boarding School foundation, there are several obstacles related to budget management and the preparation of financial reports which are considered not appropriate, one of which is waqaf. According to Dra. H. Ali Tjasman SH., MH as a nadzir in Islamic boarding schools, this is due to a lack of knowledge about statements of Islamic financial accounting standards and accounting for Islamic boarding schools. Islamic boarding schools focus only on how to record income minus expenses and use it for the purposes of Islamic boarding schools and the benefit of the people (documentation of interviews with Dra. H. Ali Tjasman SH., MH).

Accountability in Islamic boarding schools is a process that has an important role in every organization. Accountability increases when accounting can facilitate accountability of organizational activities to stakeholders (stakeholders) (Gafur, Abdullah, and Adawiyah, 2021). The concept of shariah enterprise theory (SET) is broader than enterprise theory, namely the center of accountability to Allah SWT, stakeholders (direct stakeholders and indirect stakeholders), and nature so that consequently the use of the added value concept is compared to the profit concept (Gafur, Abdullah, and Adawiyah, 2021; Dori & Indah, 2015).

Based on interviews with waqaf managers at the RM Islamic Boarding School foundation, it can be concluded that asset management is carried out by combining records of the value of waqaf assets that enter with the value of donations in the form of infaq, shadaqah, charity that enter the foundation in the existing financial statements. There are differences in the recording of financial statements made by foundations with regulations, so that the implementation of PSAK 112 on the accountability of management and financial reporting of Islamic boarding schools is not optimal (observations on the RM boarding school foundation).

Conceptually, PSAK 112 states that the financial statements of waqaf funds or financial statements of nazhir are not consolidated into the financial statements of organizations or legal entities from nazhir, because nazhir organizations and legal entities do not have control over waqaf funds and waqaf funds managed and developed by nazhir are a reporting entity that presents general purpose financial statements separately from the financial statements of the organization or legal entity of Nazhir. Organizations and legal entities as nazhir act as parties given the mandate to manage and develop waqaf assets.

## 5. Conclusion

This research is a study that examines Islamic Financial Accounting Standards by starting the effective implementation of PSAK 112 regarding waqaf accounting. increased accountability for the better. Based on these studies, observations and analysis, it can be concluded that the management of waqaf assets at the RM Islamic Boarding School foundation is carried out by combining the records of the value of waqaf assets that are debited with the value of donations in the form of infaq, shadaqah, charity that are debited to the foundation's account in the financial statements issued. there is. There are differences in the recording of financial statements made by foundations with regulations, so that the implementation of PSAK 112 on accountability for management and financial reporting of Islamic boarding schools is not optimal. There are several obstacles related to budget management and the preparation of financial reports which are considered not appropriate, this is due to a lack of knowledge about statements of Islamic financial accounting standards and accounting for Islamic boarding schools, so that there is no nadzir participation in the islamic boarding school foundation towards the implementation of PSAK 112. Thus, Islamic boarding schools only focus on how to record in the form of income minus expenses and are used for the purposes of Islamic boarding schools and the benefit of the people, so that the values of accountability, the implementation of financial accounting standards at Islamic boarding schools foundations tend to be ignored.

## References

- Dori, N. & Indah, M. S. (2016). CORPORATE SOCIAL RESPONSIBILITY REPORTING IN SHARIA BANKING IN SHARIA ENTERPRISE THEORY PERSPECTIVE (Case Study in PT Bank Syariah Mandiri Annual Report). *Journal of Islamic Accounting and Finance*, 2(2), 145–160.
- Harahap, M. B. B. & Darwanto, 2021 "The Strategic Role of the Indonesian Waqaf Board (BWI) in Improving Nazhir's Professionalism in Semarang City", *Diponegoro University*.
- Gafur, A., Abdullah, R., & Adawiyah, R. (2021). Trust Based Accountability at Islamic Boarding Schools. *Journal of Multiparadigm Accounting*, 12(1), 95–112. <https://doi.org/10.21776/ub.jamal.2021.12.1.06>
- Hazami, B. (2016). The Role and Application of Waqf in Realizing the Welfare of the People in Indonesia One of the Forms of Worship to Approach Waqf. *Journal of Analysis*, XVI(1), 173–204. <http://ejournal.radenintan.ac.id/index.php/analysis/article/viewFile/742/633>
- Indonesian Institute of Accountants. (2018). Exposure Draft of Statement of Financial Accounting Standards (DE PSAK) 112 Regarding Waqaf Accountants.
- Indonesian Institute of Accountants, 2015, PSAK No.1 of 2015 Presentation of Financial Statements, *IAI Financial Accounting Standards Board*, Jakarta.
- Islamic Accounting Module, Indonesian Accounting Association.
- Kasdi, A. (2014). Waqf Empowerment Model. *Ziswaf*, 1(1), 109–122.
- Law of the Republic of Indonesia Number 41 of 2004 concerning Waqaf.