



Rethinking Financial Accountability and Disclosure Alignment at BAZNAS Mandailing Natal through Zakat Core Principles

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Abstract

This study examines the alignment of financial accountability and disclosure practices at BAZNAS Mandailing Natal with Zakat Core Principles (ZCP) 15, 16, and 17. It focuses on fund segregation, financial reporting, internal audit, Sharia supervision, transparency, and public access to information. The study uses a qualitative-dominant mixed-method case study design. Directed content analysis was applied to interview data, institutional documents, and relevant reporting practices, with ZCP 15–17 serving as the analytical framework. Selected Analytic Network Process (ANP) findings were used to identify the relative priorities of accountability issues and improvement strategies. The findings indicate that BAZNAS Mandailing Natal has established basic reporting mechanisms, including the separation of zakat funds from other charitable funds, semiannual reporting to provincial BAZNAS, and the use of the National Zakat Management Information System (SIMBA). However, these mechanisms have not yet resulted in comprehensive financial accountability. Internal audit has not functioned effectively, a Sharia Supervisory Board is not yet available, and public access to financial disclosures remains limited to administrative transparency rather than integrated digital disclosure. The ANP results identify accountability as the highest-priority issue among academic stakeholders, with a weight of 18.27%. Developing zakat reporting through a website or application is identified as the highest-priority strategy, with a weight of 35.80%. The study suggests that formal reporting compliance alone does not ensure substantive accountability. Strengthening internal audit, Sharia oversight, and accessible digital disclosure may help narrow the accountability gap and improve alignment with the ZCP framework.

Keywords: Financial Accountability; Disclosure; BAZNAS; Zakat Core Principles; Islamic Social Finance.

INTRODUCTION

Zakat is a central instrument of Islamic social finance that connects wealth redistribution with poverty reduction, social protection, and inclusive development (Shahid et al., 2023). Its effectiveness, however, depends not only on the amount of funds collected and distributed, but also on the quality of the institutions that govern them (Halimatusa'diyah, 2015). Studies suggest that zakat can contribute to poverty alleviation and broader development objectives when it is managed by credible, professional, and accountable institutions (Hudaefi et al., 2020). As zakat institutions manage funds entrusted by *muzakki* for eligible beneficiaries, they carry financial, social, and Sharia responsibilities. Accountability is therefore not merely an administrative obligation; it is important for sustaining public trust and ensuring that zakat fulfils its distributive purpose (Afif et al., 2023).

The governance of zakat institutions has received growing scholarly attention, particularly in relation to institutional credibility, donor trust, financial performance, and the effectiveness of distribution programmes (Alam et al., 2023). Previous studies indicate that transparency, information quality, institutional reputation, and perceived accountability may influence the willingness of *muzakki* to channel zakat through formal institutions rather than distribute it directly (Salman, 2022). This suggests that the performance of zakat institutions should be assessed not only through collection and distribution figures, but also through their ability to show how funds are received, classified, managed, and reported to stakeholders (Anuar et al., 2019). Financial reporting is therefore an important mechanism through which an institution communicates its integrity and stewardship of zakat funds (Wahyudi et al., 2021).

However, the availability of financial reports does not necessarily mean that comprehensive accountability has been achieved. Formal reporting may fulfil internal administrative requirements while remaining insufficient for public scrutiny, stakeholder evaluation, and Sharia assurance. Research on Islamic financial institutions has also emphasised that accountability involves more than the disclosure of financial figures; it includes the clarity, relevance, accessibility, reliability, and timeliness of information provided to stakeholders (Abojeib et al., 2025; Sulaiman & Alhaji Zakari, 2019). In zakat management, accountability should therefore include fund segregation, adequate accounting policies, independent review mechanisms, Sharia oversight, and accessible disclosure of financial and programme information.

Digital development has further changed expectations of accountability in Islamic social finance. Digital reporting systems can support data integration, reporting efficiency, traceability, and communication among zakat institutions, regulators, and the public (Rahman et al., 2023). Digital platforms may also enable stakeholders to access information beyond

periodic printed reports, including information on collection, distribution, beneficiaries, and programme outcomes. However, digitalisation does not automatically create transparency. Its contribution depends on whether the disclosed information is complete, understandable, regularly updated, and accessible to the public. Thus, the use of an internal information system should be distinguished from meaningful public disclosure.

The Zakat Core Principles (ZCP) provide a relevant framework for examining this issue. Developed to strengthen the governance and supervision of zakat institutions, the ZCP set out institutional requirements for effective zakat management (Rusydiana & Firmansyah, 2017). This study focuses on ZCP 15 on Sharia supervision and internal audit, ZCP 16 on financial reporting and external audit, and ZCP 17 on disclosure and transparency. These principles are interrelated because reliable reporting requires adequate internal control, Sharia compliance assurance, and disclosure mechanisms that allow stakeholders to assess institutional performance. The ZCP framework is useful because it moves the discussion beyond the mere existence of reports towards the institutional conditions required for accountable zakat governance (Rusydiana & Firmansyah, 2017).

BAZNAS Mandailing Natal provides a local case for examining this alignment. The institution has implemented basic reporting practices, including the separation of zakat funds from other charitable funds, semiannual reporting to provincial BAZNAS, and the use of the National Zakat Management Information System (*Sistem Manajemen Informasi BAZNAS* or SIMBA). These practices suggest an effort to establish financial order and vertical accountability within the national zakat management structure. At the same time, they raise the question of whether internal reporting mechanisms are sufficient to ensure accountability to broader stakeholders, particularly *muzakki* and the public.

The available evidence suggests that several accountability-related gaps remain. Internal audit functions have not operated optimally, a Sharia Supervisory Board has not yet been established, and transparency is mainly expressed through administrative reporting and distribution activities rather than integrated public disclosure. These conditions point to a potential *accountability gap* between the existence of reporting procedures and the substantive quality of financial accountability. The absence of effective internal audit and Sharia supervision may limit the assurance of financial controls, while restricted public access to information may constrain stakeholders' ability to assess institutional performance and fund utilisation.

The importance of this issue is also reflected in the priority analysis of the underlying study. Using the Analytic Network Process (ANP), academic stakeholders identified accountability as the first-priority institutional issue, with a weight of 18.27%. They also identified the development of zakat reporting through websites or applications as the first-

priority strategy, with a weight of 35.80%. These results suggest that accountability improvement should not be limited to procedural reporting, but should also consider accessible and integrated digital disclosure. This direction is consistent with wider discussions of Islamic social finance that emphasise governance structures and transparent information in maintaining institutional legitimacy and strengthening the developmental role of zakat (Ascarya, 2022; Hudaefi et al., 2020).

This study examines the extent to which financial accountability and disclosure practices at BAZNAS Mandailing Natal align with ZCP 15, ZCP 16, and ZCP 17. It uses a qualitative-dominant mixed-method design, combining directed content analysis of institutional practices with selected ANP findings on accountability priorities and strategic directions. The study seeks to show that fund segregation, periodic reporting, and the use of digital information systems do not necessarily produce comprehensive accountability. Substantive accountability also requires the integration of internal audit, Sharia oversight, credible financial reporting, and publicly accessible disclosure mechanisms.

METHODS

This study employed a qualitative-dominant mixed-method case study to examine the alignment of financial accountability and disclosure practices at BAZNAS Mandailing Natal with Zakat Core Principles (ZCP) 15, 16, and 17. The qualitative component was the main component because the study examined institutional practices, reporting procedures, audit arrangements, Sharia oversight, and disclosure mechanisms in their organisational context. The quantitative component was limited to selected findings from the Analytic Network Process (ANP) in the underlying thesis. These findings supported the interpretation of accountability priorities and proposed improvement strategies; they were not used to measure ZCP compliance statistically.

The unit of analysis was BAZNAS Mandailing Natal as a zakat management institution. The study used primary and secondary data. Primary data were derived from interviews and ANP assessments involving stakeholders in zakat management, including institutional representatives, regulators, and academic stakeholders. [Author confirmation needed: specify the number and roles of interview participants, as well as the participants involved in the ANP assessment.] Secondary data consisted of institutional documents and reporting materials related to zakat fund management. These materials included evidence of the separation of zakat funds from other charitable funds, reports submitted to provincial BAZNAS, the use of the *Sistem Manajemen Informasi BAZNAS* (SIMBA), administrative transparency practices, and information related to internal audit and Sharia supervision.

Data were analysed through directed content analysis. This approach was used because the analytical categories were established before coding, based on the ZCP framework. The coding framework comprised three dimensions: Sharia supervision and internal audit (ZCP 15), financial reporting and external audit (ZCP 16), and disclosure and transparency (ZCP 17). Each document excerpt, interview statement, and institutional practice was coded according to its relevance to these dimensions. The analysis then assessed whether the available evidence indicated alignment, partial alignment, or a gap in relation to each selected ZCP requirement.

For ZCP 15, the analysis focused on the existence and operation of internal audit functions, Sharia supervisory arrangements, and the availability of Sharia compliance assurance. For ZCP 16, it examined fund segregation, reporting procedures and frequency, the use of SIMBA, and the reporting relationship with provincial BAZNAS. For ZCP 17, the analysis considered the forms of transparency provided by the institution, the availability of financial and programme information for stakeholders, and the extent to which such information was accessible through public digital channels. The coding results were compared across the three principles to identify institutional strengths and accountability gaps.

The ANP results were incorporated selectively to support the interpretation of the qualitative findings. Two results were particularly relevant: academic stakeholders identified accountability as the first-priority issue, with a weight of 18.27%, while the development of zakat reporting through websites or applications was identified as the first-priority strategy, with a weight of 35.80%. These priorities were not treated as independent causal tests. Instead, they were used to contextualise the qualitative evidence and indicate the strategic relevance of strengthening public reporting and digital disclosure.

The study compared evidence from interviews, institutional documents, and selected ANP priorities in interpreting the findings. The interpretation did not assess full compliance or non-compliance with the entire ZCP framework. Rather, it examined the extent to which observed practices aligned with the selected principles and identified areas requiring institutional improvement. This design distinguished between the existence of formal reporting mechanisms and the broader conditions required for substantive financial accountability and public disclosure.

RESULT AND DISCUSSION

The findings indicate that BAZNAS Mandailing Natal has established a basic infrastructure for financial accountability, although its practices remain partially aligned with ZCP 15, ZCP 16, and ZCP 17. The institution has separated zakat funds from other charitable funds, submitted reports to provincial BAZNAS twice a year, and used SIMBA as a reporting platform. These practices indicate an effort to maintain financial order, classify funds

according to their Islamic social finance purpose, and connect local reporting with the national zakat management system. Fund segregation and regular reporting may reduce uncertainty regarding fund utilisation and support the traceability of zakat transactions. However, the existence of these mechanisms alone should not be interpreted as evidence of comprehensive accountability.

Table 1 summarises the results of the directed content analysis by mapping the accountability and disclosure practices of BAZNAS Mandailing Natal against ZCP 15, ZCP 16, and ZCP 17. The results indicate partial alignment across the three principles, with the most substantial gaps related to internal assurance, Sharia supervision, and public access to disclosure.

Table 1. Alignment of Financial Accountability and Disclosure Practices with Selected Zakat Core Principles

Zakat Core Principle	Assessment focus	Evidence from BAZNAS Mandailing Natal	Alignment assessment	Identified accountability gap
ZCP 15: Sharia supervision and internal audit	Internal audit and Sharia compliance assurance	Internal audit function has not operated optimally; a Sharia Supervisory Board is not yet available	Limited alignment	The institution lacks an independent assurance mechanism to review internal control and Sharia compliance
ZCP 16: Financial reporting and external audit	Fund segregation and reporting procedures	Zakat funds are separated from other charitable funds; reports are submitted to provincial BAZNAS twice a year; SIMBA is used	Partial alignment	Reporting is primarily oriented towards vertical administrative accountability and does not yet ensure comprehensive stakeholder access
ZCP 17: Disclosure and transparency	Public access to financial and	Administrative transparency and public distribution activities are	Partial alignment	Financial and programmatic information is not systematically

	institutional information	available; integrated digital financial disclosure is not yet available		disclosed through a public website or application
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Source: Interview data, institutional documents, and directed content analysis.

With respect to ZCP 16, the reporting practices of BAZNAS Mandailing Natal indicate partial alignment with the principle of financial reporting and external audit. The separation of zakat funds from other charitable funds is an important accountability practice because each fund has a distinct source, purpose, beneficiary group, and Sharia basis. Similarly, semiannual reporting to provincial BAZNAS and the use of SIMBA indicate that the institution has adopted vertical reporting procedures. These procedures enable information to be transmitted from the local institution to a higher level within the zakat management structure. However, such reporting does not necessarily ensure that financial information is accessible, understandable, and useful for *muzakki* and the wider public.

This distinction is central to the accountability gap identified in this study. Financial accountability may involve accountability to regulators or higher-level institutions, as well as accountability to stakeholders who entrust funds to zakat institutions (Rusydiana et al., 2020; Zakiy et al., 2024). In this case, BAZNAS Mandailing Natal has demonstrated the former through periodic reporting and SIMBA-based administration. However, the latter remains limited because financial information has not been integrated into a public disclosure mechanism that can be accessed easily and consistently. Previous studies have also argued that financial transparency in zakat institutions requires more than the preparation of reports; it requires relevant, reliable, and accessible information that responds to public expectations (Mohammad Qutaiba et al., 2024; Wahyudi et al., 2021).

The findings concerning ZCP 15 point to a more substantial institutional limitation. Internal audit has not yet operated effectively, while a Sharia Supervisory Board has not been established. This condition may weaken the assurance dimension of accountability. Internal audit can support the review of financial procedures, internal controls, compliance with institutional policies, and weaknesses in zakat fund management (Kamaruddin et al., 2024). Without a functional internal audit process, the institution may have limited capacity to identify control deficiencies independently and follow up on corrective actions. As a result, the reliability of reported information may depend mainly on operational procedures without an equivalent internal assurance mechanism.

The absence of a Sharia Supervisory Board also has important implications (Al Thnaibat et al., 2024). Zakat institutions manage religiously mandated funds that are governed by specific rules concerning collection, allocation, beneficiaries, and amil rights (Yahya, 2020). Sharia supervision is therefore relevant for providing assurance that financial practices and fund utilisation remain consistent with Islamic principles. The absence of this function does not mean that all institutional activities are non-compliant with Sharia. Rather, it indicates that a formal mechanism for independently reviewing and documenting Sharia compliance has not yet been institutionalised. This may limit the institution's ability to demonstrate Sharia accountability to *muzakki*, beneficiaries, regulators, and other stakeholders.

ZCP 17 emphasises that disclosure and transparency should enable stakeholders to obtain sufficient information about the institution's financial position, fund management, and performance. The evidence suggests that BAZNAS Mandailing Natal has practised administrative transparency, particularly through reporting procedures and public distribution activities. However, administrative transparency differs from public disclosure. Administrative transparency concerns the availability of information within institutional processes, whereas public disclosure requires the proactive communication of relevant information to external users. In the absence of an integrated website or application containing financial reports, audit-related information, distribution data, and programme outcomes, stakeholders may find it difficult to assess how zakat funds are managed over time.

The selected ANP findings reinforce this interpretation. Academic stakeholders identified accountability as the highest-priority institutional issue, with a weight of 18.27%. This suggests that accountability is perceived as a foundational concern rather than a supplementary administrative matter. The development of zakat reporting through a website or application was also identified as the highest-priority strategy, with a weight of 35.80%. This result should not be understood simply as a call for technological adoption. Instead, it points to the potential role of digital platforms in improving accessibility, transparency, and communication with stakeholders. A website or application would be meaningful when it provides updated, comprehensible, and verifiable information, rather than functioning only as a promotional channel.

The study therefore suggests that SIMBA and public digital disclosure should be viewed as complementary rather than interchangeable systems. SIMBA supports reporting integration within the BAZNAS structure, whereas a public website or application may strengthen accountability to *muzakki* and society. Their integration could support a shift from compliance-oriented reporting towards more stakeholder-oriented accountability. This may include the disclosure of periodic financial reports, the allocation of zakat and other charitable funds, distribution performance, and information on audit and Sharia oversight arrangements.

BAZNAS Mandailing Natal demonstrates partial alignment with the selected ZCP principles. The institution has established a foundation through fund segregation, periodic reporting, and the use of SIMBA. However, its accountability framework remains incomplete because internal audit has not operated optimally, Sharia supervision is unavailable, and public disclosure has not been integrated through an accessible digital platform. The findings suggest that reporting compliance does not automatically produce substantive accountability. Strengthening audit arrangements, establishing Sharia supervisory functions, and developing accessible digital disclosure may help narrow the accountability gap and improve alignment with ZCP 15, ZCP 16, and ZCP 17.

CONCLUSION

This study indicates that the financial accountability and disclosure practices of BAZNAS Mandailing Natal are partially aligned with ZCP 15, ZCP 16, and ZCP 17. The separation of zakat funds from other charitable funds, semiannual reporting to provincial BAZNAS, and the use of SIMBA provide a basic foundation for financial order and vertical reporting. However, these mechanisms have not yet resulted in substantive accountability because internal audit has not operated optimally, a Sharia Supervisory Board has not been established, and financial information is not systematically accessible to the public through an integrated digital platform. The selected ANP findings reinforce the importance of this gap, as accountability was identified as the highest-priority institutional issue and website- or application-based zakat reporting as the highest-priority strategy. Strengthening internal audit, institutionalising Sharia supervision, and developing accessible digital disclosure may improve public accountability and strengthen alignment with the selected Zakat Core Principles.

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