

The Role of the Sharia Supervisory Board at the Zakat Management Organization

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Abstract— This research aims to clarify the role of sharia supervisory board (SSB) on zakat management organization (ZMO). The method which is used in this study is a survey method, and the data is collected from a sample that has been determined. It is obtained by using a specific tool of data collection, the questionnaires. The unit of analysis in this study is the ZMO in Bandung. The respondents in this study are director, member of the sharia supervisory board as well as Zakah collection and utilization. The results showed that the implementation of the SSB role with respect to oversight of new products and surveillance activities of the ZMO has been going pretty well.

Keywords— Zakat, Sharia Supervisory Board, Zakat Management Organization

I. INTRODUCTION

Zakat is an obligation that must be fulfilled by a muzaki (person obliged to issue a zakat), because the assets owned are rights of others. The right is a right held by eight asnaf on property owned by muzaki. Zakat is a worship that contains two dimensions of *hablum minallah* or vertical dimension and *hablum minannas* or horizontal dimension[1]. Worship zakat if accomplished properly it will improve the quality of faith, cleanse and purify the soul, and develop and give a blessing on the property owned.

Zakat management organization (ZMO) is tasked to collect, manage and distribute zakat. The purpose of this zakat management includes improving services in the public in order to pay zakat results and increased efficiency. ZMO is a charge of channeling funds from the zakat obligatory (muzakki) to eight asnaf (mustahik) who deserve it[2].

The majority of Indonesia's population is Muslim. Zakat becomes very important in religious and social life. Zakat is an obligation for every Muslim, who is able and is the third pillar of Islam after the shahada and prayers are expected to be one of the solutions to solve poverty in Indonesia.

To ensure Islamic financial institutions in accordance with sharia, each agency must have the SSB[3][4]. Ghayad suggests that Islamic financial institutions have the SSB who has knowledge of adequate financial knowledge in addition to sharia, so the SSB can help management develop products according to sharia[5]. SSB has three functions:

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sharia certification of products and operations, oversight and guidance functions[6]. In carrying out its functions, SSB independence is very important for users of financial statements requires collateral for sharia to operational transactions and the financial institution of sharia[4].

Islamic Sharia forbids usury, *gharar*, *maysir*; therefore, it is necessary that the parties ensure that the activities and operations of Islamic Financial Institutions (IFIs) comply with the principles and rules of Sharia. SSB is a very important organ in the IFIs. SSB ensures all objectives achieved Islamic governance, which includes directing, reviewing and supervising all activities of IFIs to obey the Sharia, but it also SSB plays an important role in the mechanism of internal control[7].

The definition of sharia supervisory board according to the Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI) are:

“A Shari’a supervisory board (SSB) is an independent body of (Shari’a scholars) with a (possibility of including) a member other than a shari’a scholar, who should be an expert in the field of IFIs. The SSB is entrusted with the duty of directing, reviewing, and supervising the activities of the IFI in order to ensure that they are in compliance with Islamic Shari’a”[8].

Rosly suggests four approaches a parameter in sharia compliance. Such approaches are interrelated, namely: approach the goal of sharia (*maqasid shariah*), the contract approach, the approach to financial reporting, and legal documentation approach. So it is important for SSB to recognize the role of legal documentation and financial reporting arising from the products they approve[9].

AAOIFI standards explicitly stated SSB is intended to investigate the suitability of the Islamic financial institution with principles and rules of Sharia in all its activities. Investigation, including the examination memorandum and rules of association, contracts, financial reports and various other reports[10].

Grais & Pellegrini describes several tasks SSB as follows:

1) Certification of financial instruments in accordance fatwa (ex ante audit sharia); 2) Verify obedience to the fatwa to all transactions (ex post audit sharia); 3) Calculation of Zakat and its distribution; 4) Elimination of acceptance that is not in accordance with sharia; 5) Provide feedback on distribution revenues and expenses to the shareholders and holders of investment[11].

II. METHOD

The method which is used in this study is a survey method, it is descriptive and the data is collected from a sample that has been determined, it is obtained by using a specific data collection tools, the questionnaires.

The object of this research are the role of sharia supervisory board in Zakat management Organization. The research subject is ZMO which operates in Bandung. The respondents in this study are director, members of Zakat collection and utilization. The data which is obtained from the ZMO respondents will be averaged, so that the opinion of respondents representing each ZMO. The data source which is required in this research will be obtained through the Field research by distributing questionnaires and Research Library. The data quality which is obtained from the respondents through the questionnaire needs to be tested by doing validity test and reliability test to avoid things that are biased and question the validity of this study.

III. DISCUSSION

The role of the Sharia Supervisory Board (SSB) were measured using two dimensions and operational to 11 of the questions. Below the average score of respondents' ratings of each of the questions in each dimension.

Table 1: Summary of Average Score Rate Respondents Regarding the role of the SSB

No	Dimension	Total Score Average Rate Respondents	Criteria Rating
1	Supervision of the new product development process	6,44	Enough
2	Monitoring of the activities	5,68	Enough

SSB position in ZMO different from one another, ZMO is one of the areas under the foundations and mosques, position SSB is SSB foundation or mosques, not SSB of ZMO. However, ZMO which business entity that is not based mosques or foundation, on generally has its own SSB.

ZMO has had an independent SSB in accordance with the mandate of decision DSN-MUI No. 03/2000 which requires the institution of sharia-based SSB should have a role in monitoring the development of new products and supervise the activities. The number of members of each ZMO ranged from two to three members who have understand of fiqh, sharia and financial and economics. In doing his job, SSB of ZMO has no working day, and generally ZMO coordinated with management and internal auditors twice a month. SSB asks for a report finding mismatches against sharia products and activities of internal auditors, which would then be examined and acted upon and then reported to the management as an input the next repair. SSB reports to management once a year.

Overview of the role of SSB that is translated into a dimension of supervision of the new product or program can be seen in the following table.

Table 2: Summary of Respondents' answers on the dimensions of the supervision of new products or programs

NO	STATEMENTS	PERCENTAGE CATEGORIES			
		BAD	LESS	ENOUGH	GOOD
1	Asked the competent authorities for an explanation about the purpose, characteristics, and covenants that are used in a new program that will be issued.	0	0	75	25
2	SSB check against the contract used in the new program there has been a fatwa National Sharia Board, Indonesian Council of Ulama (DSN MUI)	0	0	100	0
3	SSB reviewing systems and procedures for the new program that will be incurred related to the fulfillment of Sharia Principles.	0	0	75	25
4	SSB provides sharia opinions on a new program that will be issued.	0	0	75	25

In general, the implementation of the SSB function with respect to the oversight of the new products has been going pretty well. SSB has conducted an examination of contract used for new products, reviewing systems and procedures for new products that will be issued, as well as provide sharia opinion on new products that will be issued. In general supervision unit of product or new programs on ZMO as follows: 1)SSB competent authorities asked for an explanation about the purpose, characteristics, and covenants that are used in a new program that will be issued; 2). SSB checked against the contract used in the new program that has been present fatwa from the National



Sharia Board of Indonesian Council of Ulama (DSN MUI), if there is no fatwa DSN MUI, then SSB will coordinate with the DSN MUI and asked for a fatwa on the matter; 3) SSB reviewing systems and procedures for the new program that will be incurred related to the fulfillment of Sharia Principles. 4) SSB give an sharia opinion on a new program that will be issued. Opinion of sharia on the new programs is very important in the supervision of compliance with Sharia because in Islam based on the Qur',an and Hadith has norms or rules in muamalah.

Supervision over the activities carried out by SSB can be seen from the table below.

Table 3: Summary of Respondents' answers on the dimensions supervise the activities

NO	STATEMENTS	PERCENTAGE CATEGORIES			
		BAD	LESS	ENOUGH	GOOD
1	Analyzing the reports submitted by and / or requested from the management, to determine the quality of the implementation of the Sharia compliance of the activities the collection and distribution of funds	0	0	100	0
2	SSB set the number of pick-test (sample) transaction to be examined by taking into account the quality of the implementation of the Sharia compliance of each activity	25	0	75	0
3	SSB checks the documents of transactions tested quotation (samples) to determine compliance with Sharia's principles as required by the Standard Operating Procedures	25	0	75	0
4	inspection, observation, inquiry and / or	25	0	75	0

	confirmation to the organizer and / or muzaki and mustahiq to strengthen the results from the examination of documents, if necessary				
5	Review the SOP related aspects of sharia if there is indication's mismatch implementation of Sharia compliance of the activities referred	0	0	100	0
6	SSB gives an opinion about the activities of sharia fund collection and distribution of funds and program of ZMO activities	0	0	75	25
7	Report monitoring results to the management and supervisory board	25	0	75	0

In general, SSB has been carrying out surveillance over the activities of LAZ pretty well. Only 25% of SSB of ZMO who have to supervise the activities and SSB will work or perform duties only if there are questions or problems reported by management, so SSB did not pick up the ball, but only received queries regarding the presbycardia activities undertaken by management and then give an explanation pertaining about the questions. However, 75% ZMO has had SSB conducting monitoring activities are quite good, where SSB trying to pick up the ball, perform checks against the Standard Operating Procedures (SOP) and various document's activities, and provide monitoring reports to management once a year.

In general, supervision by the SSB to ZMO activities includes: 1) analyzing the reports submitted by and / or requested from the management, to determine the quality of the implementation of the Sharia compliance of the activities the collection and distribution of funds ;2) SSB set the number of pick-test (sample) transaction to be examined by taking into account the quality of the implementation of the Sharia compliance of each activity ;3) SSB checks the

documents of transactions tested quotation (samples) to determine compliance with Sharia's principles as required by the Standard Operating Procedures ;4) inspection, observation, inquiry and / or confirmation to the organizer and / or muzaki and mustahiq to strengthen the results from the examination of documents, if necessary; 5) Review the SOP related aspects of sharia if there is indication's mismatch implementation of Sharia compliance of the activities referred ;6) SSB gives an opinion about the activities of sharia fund collection and distribution of funds and program of ZMO activities 7. Report monitoring results to the management and supervisory board.

IV. CONCLUSION

The implementation of the SSB role with respect to oversight of new products and surveillance activities has been going pretty well. SSB has conducted an examination of contract used in new products, reviewing systems and procedures for new products that will be issued, as well as give an opinion on sharia on new products that will be issued as well as carry out checks on the Standard Operating Procedures (SOP) and various document's activities, and provide a report the results of monitoring to management once a year.

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