



## **Effect of Internal Control, Accountability, and Transparency of Financial Statements on the Financial Statements Quality (Case Study on Amil Zakat Institute of the Indonesian Zakat Initiative)**

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### **ARTICLE DETAILS**

#### **History**

*Revised format: May 2023*

*Available Online: Jun 2023*

#### **Keywords**

*Internal Control,*

*Accountability,*

*Transparency, Quality of financial statements.*

#### **JEL Classification**

*M40, M41*

### **ABSTRACT**

**Purpose:** This study seeks to examine the impact of internal control, accountability, and transparency on the quality of financial statements.

**Methodology:** Data for this study was primarily collected through questionnaires distributed to respondents. The questionnaires covered aspects of internal control, accountability, transparency, and financial statement quality. The study focused on the Amil Zakat Institute of the Indonesian Zakat Initiative as the population, and a purposive sampling method was used to select 35 samples. The research methodology involved descriptive statistical analysis, testing of classical assumptions, and multiple linear regression with subsequent hypothesis testing.

**Findings:** The findings indicate that transparency has a positive and significant influence on the quality of financial statements. However, accountability and internal control factors do not demonstrate a significant impact on financial statement quality. Nevertheless, when considered together, the variables of internal control, accountability, and transparency do significantly affect the quality of financial statements.

**Implications:** Financial statements will be useful to users if the information presented in these financial reports is understandable, relevant, reliable and comparable.



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**Recommended citation:** Setiawan, I., Hestianisari, & Anjelina, P. (2023). Effect of Internal Control, Accountability, and Transparency of Financial Statements on the Financial Statements Quality (Case Study on Amil Zakat Institute of the Indonesian Zakat Initiative). *Journal of Accounting and Finance in Emerging Economies*, 9 (2), 83-96.

### **Introduction**

Financial statements have the general goal of providing details on a company's cash flow, financial situation, and financial performance statements that are helpful to a variety of users' economic

decision-making or anyone who is unable to obtain particular financial statements to satisfy specific information needs. Financial statements will be useful to users if the information presented in these financial reports is understandable, relevant, reliable and comparable. financial statements may nevertheless sometimes fall short of giving users all the details they might require for decision-making. Presenting unimportant details can result in significant and difficult-to-understand information, so providing too much information is dangerous. One of the devices that can generate financial report information is the internal control system. According to (Mihaela & Iulian, 2012) internal controls are methods and policies that guard against the misappropriation of company resources, guarantee the accuracy of the financial information provided, and confirm compliance with legal and regulatory requirements. Good internal control is obtained from a coordinated structure, useful for companies to prepare financial statements that are more thorough, prevent fraud, and secure company assets.

Poverty is a problem that has not been resolved to date. One way to alleviate poverty in Islam is to pay zakat as an effort to equalize income by distributing income from those who can afford it to those who can't afford it. Along with the development of the times, there have been many people who understand and understand the importance of a forum for managing zakat funds so that they are effective, efficient and of good quality according to what is described in Law No. 23 of 2011 including: 1). Amil Zakat Agency (BAZ) and 2). Amil Zakat Institution (LAZ). Apart from Law No. 23 of 2011, Zakat Accounting according to PSAK No. 109 from the Indonesian Institute of Accountants (IAI) was also issued, to establish rules for zakat transaction recognition, measurement, presentation, and disclosure, charity/alms that applies to Zakat Management Organizations (OPZ) that function in collecting and distributing zakat funds as well as standardization guidelines in logging transactions and creating financial statements compiled by OPZ, with the aim of facilitating public accountants in conducting audits of OPZ financial statements.

Due to the majority of the Indonesian population being Muslims, there is significant potential for zakat collection in general. This is reinforced by the results of research conducted by the Faculty of Management Economics (FEM) IPB and the National Amil Zakat Agency (BAZNAS) and the Islamic Development Bank in 2011 which was in the May 2013 Edition of Zakat Magazine, explaining that the potential for zakat nationally reaches number 3. ,40 %. In addition, this is based on the results of the collection of National Zakat funds by the Indonesian Zakat Initiative (IZI) which have increased every year. In the financial statements that the independent auditor examined in 2020, It is noted the collection of Zakat funds in 2020 witnessed a remarkable increase of 35% compared to the collection in 2019. The amount rose from Rp.79,493,917,801,- to Rp.107,239,189,897,-. This substantial growth can be attributed to the public's faith in the National Amil Zakat Institution, Inisiatif Zakat Indonesia.

The source of OPZ's strength is relying on public trust. If public trust in OPZ is lost, in the short term it will have a negative impact on the OPZ concerned and in the long term it can have a negative impact on the practice of zakat worship which is obligatory for those who are Muslim and are able and believed to be one of the financial instruments that can support the achievement of national goals, in alleviating poverty. Accountability and transparency are important in accountability through reporting of all activities, additionally financial statements that include all pertinent data required by Muzakki and Mustahik, as well as how simple it is for the general public to acquire this data (Trisnaningtyas et al., 2020).

The internal control system has a positive and substantial influence on the financial statements'

quality. (Sulfiana, 2018). Internal control is very important for every organization, apart from monitoring activities, internal control is also important for building communication. The internal control system requires further development to obtain effectiveness in its application so that there are no opportunities for irregularities (Prihanto et al., 2020), therefore the financial statements that are made will be accountable because internal controls make it possible to detect irregularities and take prevention because supervision has not proven effective in preventing fraud (Apriani et al., 2019) and disclosure of financial information to the public (Prihanto and Damayanty, 2020).

## **Literature Review and Hypothesis Development**

### **Statement of Financial Accounting Standards 109 (PSAK 109)**

Statements of Financial Accounting Standards (PSAK) are financial standards that serve as a reference for presenting financial statements and all related to accounting treatment. PSAK No. 109 published by the Indonesian Institute of Accountants is a guideline that regulates recognition, measurement, disclosure and presentation.

This statement was produced in an effort to control how zakat, infaq, and shadaqah transactions are recognized, measured, presented, and disclosed. The development of zakat managers whose purpose is to distribute and collect zakat (IAI, 2016).

### **Financial statements**

Kasmir (2018) defines financial statements as a report that details the company's present financial situation or projected financial position for the foreseeable future. The aim of financial reports is to show the financial health of a company. The end result of the accounting process can be said to be the financial reports. The primary goal of financial statements is to convey pertinent information to all involved entities, both internal and external, including the community, muzakki, the government, and other entities or individuals who contribute resources to OPZ.

The financial statements of zakat institutions can be one of the communication media between zakat institutions and other parties, because the financial statements for collection and distribution a zakat institutions operational accountability including the processes of gathering and zakat, infaq, and alms funds allocation (ZIS). To ensure transparency in financial reporting and have good accountability, it is necessary to have accounting standards that regulate this matter. When generating the financial statements of the ZIS amil institution, reference is made to PSAK No. 109. If there are any matters that are not covered by PSAK 109, use the relevant PSAK as long as it does not infringe upon the tenets of Islamic sharia. PSAK 109 encompasses various components of financial statements, including a budget (statement of financial position), a statement showing changes in moneys, a statement reflecting alterations to the assets under management, an income statement, and related financial statement notes. In presenting financial statements, zakat institutions present zakat, infaq, alms, amil funds and funds that are not halal separately in the statement of financial position.

### **Financial Statements Quality**

A financial statement's quality is characterized as how much data can reliably fulfill the necessities and assumptions for every one of the individuals who need it to complete their methods (Surastiani & Bestari, 2015).

The quality of financial statements has certain criteria which are commonly called qualitative characteristics. The information in financial statements comprises qualitative components that, in

accordance with Islamic Financial Accounting Standards, make it relevant to users. There are four main things: understandable, relevant, reliable, and comparable.

### **Internal Control**

According to Mulyadi (2013: 6) Internal control is an organizational structure, methods and measures that have been coordinated to maintain the wealth of a company whose duties include checking the accuracy of financial statements, encouraging operational efficiency, and encouraging employees to comply with existing management policies.

The purpose of internal control in a company, among others, is to ensure that the company's activities run according to applicable policies, to safeguard assets or finances within a company, achieving the objectives of the company that have previously been set, to produce and present accurate and appropriate financial statements, to prevent losses that occur to the company's resources, to ensure adherence to the policies established by the management of the organization with the intention of boosting the efficacy and efficiency of the company's operational activities.

According to the There are five internal control components, based on to the Committee Of Sponsoring Organizations (COSO) of the treadway Commission, 1) environmental management 2) risk analysis, 3. operational regulation, 4) information and communications, and 5) monitoring.

### **Accountability**

In the Big Indonesian Dictionary, Accountability is about being responsible. Another meaning of accountability is the state of being held accountable. Accountability is the duty to communicate and accept responsibility for the accomplishment or failure of organizational goals in achieving predefined outcomes via regular accountability mechanisms (Mardiasmo, 2018).

According to Law Number 23 of 2011 regarding the management of zakat, accountability as a manifestation of the organization's zakat management principle of accountability is manifested in the form of compiling and publishing audited financial statements. Indicators of the Accountability variable include: 1) All activities prioritize and pay attention to people's wellbeing; 2) Organizational operations are conducted equitably; 3) Organizational activities do not harm the environment; 4) Zakat management is carried out in accordance with the Shari'a that has been determined in the Qur'an and As-Sunnah.

### **Transparency of Financial Statements**

Transparency is the open submission of reports to all parties detailing the management's operation, using all relevant factors as the foundation for decision-making and the implementation of plans (Trianingtyas et al., 2020).

The first mention of the requirement for financial transparency can be found in Law 17 of 2003 regarding State Finance (UU17/2003). According to this law, transparency is described as one of the fundamental principles that underpin the responsibility for managing state funds. Financial transparency is the act of disclosing comprehensive and honest financial information to the public, acknowledging the public's entitlement to complete and transparent insight into how the government manages entrusted resources and adheres to laws and regulations. (Government Regulation of the Republic of Indonesia No. 24 of the Year 2005 regarding Government Accounting Standards).

The level of trust among Muzakki (those who pay zakat) towards amil zakat institutions remains relatively low, where there are indications of concern from the community that the zakat handed over does not reach those who are eligible to accept it (mustahik). The reason for muzakki's mistrust in OPZ's handling of the zakat monies in Indonesia is due to OPZ's lack of transparency in financial reporting and accountability, as well as the fact that OPZ does not provide any advantages over direct distribution when the zakat funds are funneled through OPZ (Setiariware, 2013).

### **Amil Zakat Institution**

The Amil Zakat Institution (LAZ), is an association established through society to undertake the gathering, allocation, and utilization of zakat purse as mandated by Article 1 number 8 of Law of the Republic of Indonesia Number 23 of 2011 that governs the management of zakat. LAZ has the duty to assist the National Amil Zakat Agency or abbreviated as BAZNAS in carrying out of the gathering, allocation, and utilization of zakat legally protected by the government in accordance with Law Number 3 of 2011. LAZNAS can use Amil Rights to finance operational activities.

The objective of zakat management is to enhance the efficacy and proficiency pertaining to the provision of zakat administration services ultimately maximizing the advantages derived from zakat to achieve community well-being and poverty reduction. As stipulated in Article 19 of Law Number 3 of 2011, LAZ is obligated to regularly deliver updates on the execution of zakat gathering, allocation, and utilization. These reports must undergo auditing by BAZNAS (National Board of Zakat). According to Article 4, Zakat payments made by muzakki to BAZNAS or LAZ are eligible for deduction from taxable income. Furthermore, BAZNAS or LAZ are permitted to obtain charity, infaq (voluntary contributions), as well as other religious social resources in order to obtain zakat. The allocation and usage of these funds are conducted in accordance with Islamic principles and are allocated based on the commitments made by the donors.

### **Zakat, Infaq, Alms**

Zakat originates from a fundamental term that signifies abundance, prosperity, purity, and positivity. That is, zakat functions to make our wealth a blessing, making it clean. The person who tithes is called Muzaki. People who are eligible to accept zakat are called Mustahik. The person/institution whose role is to distribute zakat from Muzaki to Mustahik is called Amil (Sahroni et al., 2018).

Zakat is only obligatory for people whose assets meet the minimum standard (Nisab) and have reached one year since the property was owned (Haul). Zakat is obligatory for people who meet the criteria, which is one of the pillars of Islam. Zakat has stricter rules, so not everyone can tithe (Muzaki), and not everyone can enjoy zakat (Mustahik). The 8 Mustahik groups are stated in the Al-Qur'an Surah At-Taubah verse 60, which means: "The expenditures of Zakāh are solely designated for the impoverished, the needy, those who are employed to administer it, promoting unity among believers, liberating captives or enslaved individuals, aiding individuals burdened by debt, supporting the cause of Allāh, and providing assistance to stranded travelers. This obligation is ordained by Allāh, who possesses profound knowledge and wisdom". The word Infaq is a word that comes from the Arabic anfaqa-yunfiq which means to spend or finance.

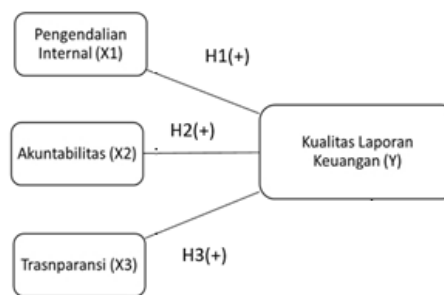
The word infaq in the Big Indonesian Dictionary means giving or donating wealth and so on for a good cause. Especially infaq when it is associated with efforts to realize God's commands. One of the verses that instructs to spend is in the Al-Qur'an surah Baqarah verse 67, which means "O believers! Utilize your wealth for the sake of Allah by spending from the good and lawful earnings you have acquired, as well as from the provisions provided by Allah from the earth. Be mindful not to spend from what is considered bad or impure, that which you yourselves would not willingly

accept or approve if it had defects. Remember that Allah is the Most Generous, deserving of all praise"

Sadaqah comes from the word sadaqah which means true. This means that people who give charity are a form of truth and honesty about their faith in Allah. It's just that charity has a broader meaning, not only material objects that can be donated, it can also be with non-material things.

One of the verses that commands charity is in the Al-Qur'an surah Baqarah verse 24, which means "O believers, do not nullify the virtue of your acts of charity by attaching strings to them or causing harm, like those who spend their wealth merely to showcase themselves before others, lacking true belief in Allah and the Hereafter. Their actions are akin to a polished rock covered with a thin layer of dust that is washed away by a heavy rain, leaving the rock bare and devoid of any benefit. Such individuals will not retain any reward for their deeds. And Allah does not guide those who reject the truth".

### Critical Framework and Hypotheses



(Sumber: Data diolah)

**Figure 1: Framework**

The hypotheses derived from the aforementioned framework are as follows:

H1: Internal Control has a positive and significant effect on the quality of financial statements.

H2: Accountability has a positive and significant effect on the quality of financial statements.

H3: Transparency has a positive and significant effect on the quality of financial statements.

### Research Method

#### Data Types and Sources

In research, quantitative information were used where measurements were expressed in numerical statements. The data used research comprises secondary data and primary data, which were attained by interviews, distribution of questionnaires to respondents, as well as through relevant books, journals, articles, and official documents obtained from LAZNAS Zakat Initiative Indonesia's official website or through direct access.

#### Data Collection Technique

The techniques for gathering data employed encompassed interviews, questionnaires, and documentation. A purposive sampling technique was utilized, with the selection criteria focusing on individuals from the finance & accounting department, the internal audit section, the sharia compliance bureau section, and the leadership positions such as Manager/GM. Questionnaires were

distributed to each amil according to the number of people who filled out these sections. Upon completion of the survey, it was discovered that the sample size comprised 40 Amil individuals.

### Data Analysis Techniques

In this research, a questionnaire was used as the research tool. The questionnaire is prepared according to research indicators, internal control, accountability and the impact of financial statement transparency regards to the accuracy of financial statements. The data processing for this study utilizes the SPSS (Statistical Package for Social Science) program version 25, as a computer tool for assistance.

## Result and Discussion

### Results of Questionnaire Distribution and Control

**Table 1. Questionnaire Distribution and Control**

Information	Number of Questionnaires
Sent questionnaires	40
Responded questionnaire	35
Unresponsive questionnaire	5
Unusable questionnaire	1
Questionnaire that can be used	34
Respondent rate	88%
Usable response rate	85%

Source: Primary data processed, 2022

### Descriptive Statistic

**Table 2. Descriptive Statistic**

Variable	N	Min	Max	Mean s	std. Deviation
Internal control	34	29	45	39.65	3,757
Accountability	34	28	40	35.68	3,788
Transparency	34	31	45	39.53	3,941
Quality of Financial Statements	34	32	45	40.15	4,186
Valid N (listwise)	34				

Source: Data processed by SPSS 25

Contingent upon the information gave in Table 2 in regards to the independent variable and dependent variable expressive measurements, the information uncovers that the internal control variable exhibits a total sample size of 34, with the minimum value recorded as 29 and the maximum value of 45. The average internal control is 39.65. Accountability shows a total sample of 34 with a minimum value of 28 and a maximum value of 40. The average accountability is 35.68. Transparency shows a total sample of 34 with a minimum value of 31 and a maximum value of 45. The average transparency is 39.53. The eellence of the financial statements the data indicates that there is a total sample of 34, with the minimum value being 32 and the maximum value reaching 45. The average value for the sample is calculated to be 40.15.

### Data Quality Test

A statistical evaluation became executed to check the validity of the records in this examine by reading the correlation between each question and the overall rating. This become carried out the usage of the Pearson product-moment correlation approach. information is declared legitimate if the calculated r value is an item price from Corrected item-general Correlation > from rtable at a significancy of 0.05 (five%). The validity trying out of the records in this have a look at applied

the Pearson Correlation technique. With  $r_{table} = 0.339$ , the  $r_{count}$  value in this observe is  $> r_{table}$ , so all variable indicators in this look at are declared legitimate.

The reliability of the research tool become appraised by means of inspecting the consistency of the Cronbach's Alpha coefficient ( $\alpha$ ) for all variables. A assemble or variable is taken into consideration reliable if it demonstrates a Cronbach's Alpha fee  $> 0.6$

**Table 3. Reliability Test Results**

Variable	Cronbach's Alpha	Reliability Boundary	Information
Internal control	0.714	0.60	Reliable
Accountability	0.913	0.60	Reliable
Transparency	0.857	0.60	Reliable
Quality of Financial Statements	0.916	0.60	Reliable

Source: Data processed by SPSS 25

### Classic Assumption Test Normality test

**Table 4. Kolmogorov-Smirnov One-Sample Normality Test**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		34
Normal Parameters, b	Means	.0000000
	std. Deviation	.40259318
Most Extreme Differences	absolute	.110
	Positive	.110
	Negative	-.094
Test Statistics		.110
asymp. Sig. (2-tailed)		.200c,d

Source: Data processed by SPSS 25

From table 4 it tends to be seen that the meaning of the Kolmogorov-Smirnov esteem is over the 10% certainty level, to be specific  $0.200, 0.200 > 0.10$ , this shows that the outcomes follow a typical normal distribution pattern.

### Multicollinearity Test

**Table 4. Multicollinearity Test Results**

Variable	Tolerance	VIF	Information
Internal control	.778	1,286	multicollinearity does not occur
Accountability	.370	2,701	multicollinearity does not occur
Transparency	.415	2,411	multicollinearity does not occur

Source: Data processed by SPSS 25

Referring to the presented Table 5, the multicollinearity test results indicate that the tolerance



values of all independent variables suggest no significant issue, the tolerance value is  $> 0.01$  and the VIF value is  $< 10$ , so that multicollinearity does not occur among the independent variables.

### Heteroscedasticity Test

**Table 5. Heteroscedasticity Test Results**

Variable	Significance	Information
Internal control	.645	heteroscedasticity does not occur
Accountability	.873	heteroscedasticity does not occur
Transparency	.055	heteroscedasticity does not occur

Source: Data processed by SPSS 25

Referring to the provided Table 6, the results of the heteroscedasticity test utilizing the Glejser test demonstrate a significance value exceeding 0.050. Therefore, the regression model does not exhibit heteroscedasticity.

### Multiple Linear Regression Analysis

**Table 6. Results of Multiple Linear Regression Analysis**

Model		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-1,635	1,044		-1,566	.128
	Internal control	.062	.027	.046	2,320	.027
	Accountability	1,003	.032	.908	31,452	.000
	Transparency	.089	.029	.083	3,057	.005

a. Dependent Variable: Quality of Financial Statements

Source: Data processed by SPSS 25

Based on table 7. above, the multiple linear regression equation can be formulated as follows:

$$Y = -1.635 + 0.062 x_1 + 1.003 x_2 + 0.089 x_3 + e$$

- Y = Quality of Financial Statements
- X1 = Internal Control
- X2 = Accountability
- X3 = Transparency
- E = Errors

The results of the regression equation and the interpretation of multiple regression evaluation are: The constant value ( $\alpha$ ) is negative -1.635 suggests that if internal control, accountability and transparency are identical to zero (0), there will be a decrease within the first-rate of financial reports. With a regression coefficient of 0.062, the regression analysis shows that the internal control variable (X1) has a useful impact at the reliability of financial statements. The regression coefficient of 0.089 for the transparency variable (X3) show that it has a positive effect on the quality of financial statement.

## Hypothesis testing

### Partial Test (t test)

**Table 7. Partial Test Results (t test)**

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-1,635	1,044		-1,566	.128
	Internal control	.062	.027	.046	2,320	.027
	Accountability	1,003	.032	.908	31,452	.000
	Transparency	.089	.029	.083	3,057	.005
a. Dependent Variable: Quality of Financial Statements						

Source: Data processed by SPSS 25

In this study using a significance level at  $\alpha = 0.050$ . If the significance level  $< 0.050$  so that the hypothesis is confirmed. In the event that the significance level  $> 0.050$ , the hypothesis is not supported. Referring to Table 8, the outcome of the partial test (T-test) demonstrate the positive and significant impact of each independent variable on the quality financial reports.

### Simultaneous Test (F-test)

**Table 9. Simultaneous Test Results (Test F)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	572,916	3	190,972	1071135	.000b
	Residual	5,349	30	.178		
	Total	578,265	33			

Source: Data processed by SPSS 25

In view of table 9 over, an importance worth of 0.000 is gotten which is under 0.050. So it very well may be presumed that inner control, responsibility, and transparency all the while display a positive and significant impact on the quality financial reports.

### Determination Coefficient Test ( $R^2$ )

**Table 10. Determination Coefficient Test Results**

Summary model <sup>b</sup>				
Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.995a	.991	.990	.422

Source: Data processed by SPSS 25

Based on the table 22 the determination R-squared result value is indicated at 0.99 which implies almost 100% which shows that the variables of internal control, accountability and transparency incredibly influence of the quality of financial statements.

## Discussion

### The Effect of Internal Control on the Quality of Financial Statements

Based on the discoveries of the hypothesis testing, internal control has a tcount (2.320) > ttable

(2.042) and an importance esteem  $<0.050$ , which is 0.027. Thusly, it tends to be reasoned that internal control meaningfully effects on the quality financial reports.

This shows that the more the internal control at LAZNAS IZI, the better the financial reports will be. The discoveries of this study are in accordance with past examinations led by Sulfiana (2018), Emy Pavitasari (2018), and Wiwi Idawati and Lia Elonora (2020) which show that internal control influences the quality of financial reports.

### **The Effect of Accountability on the Quality of Financial Financial Statements**

In view of the discoveries of the hypothesis testing, the outcomes show that accoutability has  $t_{count} (31.452) > t_{table} (2.042)$  and an importance esteem  $<0.050$ , which is 0.000. In this manner, from the result of the examination it tends to be reasoned that accountability significantly affects working on the quality of financial reports.

The exhibition of Amil Zakat Institutions can be reflected in financial reports, if Amil Zakat Institutions have high accountability, the resulting financial reports will also show a higher level of quality, because they present all the information that society expects.

The aftereffects of this study are in accordance with past exploration directed by Khaliza Chairani (2020), Wiwi Idawati and Lia Elonora (2020) which shows that accountability influences the quality financial reports.

### **The Effect of Transparency on the Quality of Financial Statements**

In view of the discoveries of the hypothesis testing, transparency has a  $t_{count} (3.057) > t_{table} (2.042)$  and a significant worth  $<0.050$ , that is 0.005. Therefore that can be stated that transparency has a positive and significant impact on the quality of financial reports.

This outcome can be interpreted as an indication that transparency ensures the provision of transparent and honest financial information to the public. It stems from the recognition that the public holds the right to have access to comprehensive and transparent information regarding the government's accountability in managing entrusted resources and adhering to laws and regulations. The findings of this study align with previous research conducted by Khaliza Chairani (2020) which shows that transparency affects the quality of financial statements.

### **The Effect of Internal Control, Accountability and Transparency on the Quality of Financial Statements**

In view of the discoveries of the hypothesis testing, it is evident that the internal control, accountability, and transparency have a significant value of 0.000 less than 0.050, indicating that internal control, accountability and transparency simultaneously have a significant positive effect on the quality of financial statements so that  $H_4$  is accepted. High values of internal control, accountability and transparency will provide quality financial statements.

### **Conclusion**

#### **Clonclusion**

This research is to conduct an empirical investigation into the impact of internal control, accountability, and transparency on the quality of financial statements at the Indonesian Zakat Initiative National Amil Zakat Institute and includes 34 Amil samples using quantitative methods and using computer aids with SPSS version 25.

Based on findings through descriptive statistical test, the observed average value for the quality of financial statements is recorded as 39.74. The research model passed the classical assumption test, which met the normality assumption, there was no heteroscedasticity and multicollinearity. Considering the findings of the partial test and simultaneous test was discovered to exist that internal control, accountability, and transparency demonstrate a positive and significant impact on

the quality of financial statements. Each of these factors exhibits a significance value below 0.050, Simultaneously internal control, accountability and transparency have a positive and significant effect on the quality of financial statements with a significant value of 0.000 which is less than 0.005.

### Limitations

This study has several limitations which can affect the outcomes of the study. The restriction contained in this research include the limited number of research samples. There were respondents who did not have an accounting education background so that the sample obtained in this study was not optimal. Only three independent variables are utilized in this study, namely internal control, transparency, and accountability, where there are other variables that can be used as factors influencing the study's dependent variable, the quality of financial statements. In addition, the data collection method used in this study relied on a survey using a questionnaire technique. As a result, it can lead to potential different perceptions between participants and researchers.

### Suggestion

In accordance with the conclusions of this research, there are various suggestions that might be made for more research, the expectation is that future researchers will delve into additional studies concerning various elements that influence the integrity of financial statements. For upcoming researchers are advised to include additional independent factors such as work experience, education level, HR competence and understanding of zakat accounting to find out whether there is an impact on the financial statements' quality. Suggestions for future researchers are expected to distribute the questionnaire to the muzakki because those who know will be accountable, transparent, the value of financial reports, the muzakki. Therefore, muzakki is the one who deserve to be the research sample.

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