

IMPROVING THE EFFECTIVENESS OF REGIONAL ASSETS MANAGEMENT: INTERACTION BETWEEN AUDIT FINDINGS, FOLLOW-UP ON AUDIT RESULTS, AND HUMAN RESOURCE COMPETENCE IN MEDAN CITY

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Abstract

Regional Asset Management (BMD) is a crucial pillar for public accountability, yet its effectiveness is often hampered by recurring audit findings and symbolic compliance practices. This study aims to analyze the interaction between audit findings, audit follow-up actions (TLHP), and human resource (HR) competency in improving the effectiveness of the BMD management system in the Medan City Government. Using a descriptive qualitative approach assisted by NVivo 14 data analysis software, data were collected through in-depth interviews with asset practitioners, *Focus Group Discussions* (FGDs), and document analysis of the Audit Result Reports (LHP) of the Indonesian Supreme Audit Agency (BPK RI) for the 2020–2024 period. The results show that audit findings function as coercive institutional pressure, but the system's effectiveness substantially depends on the quality of the TLHP, which is strongly moderated by HR competency. These findings reveal a *decoupling phenomenon*, where low competency and high employee turnover lead to merely administrative asset improvements in pursuit of an Unqualified Opinion (WTP). Conversely, competent and stable HR acts as a transformational bridge that transforms auditor recommendations into tangible and permanent asset governance improvements. This study makes a theoretical contribution to Institutional Theory by emphasizing the role of internal absorptive capacity in determining the success of policy integration in the public sector. The study's limitation lies in its single focus on the Medan City area, so it is recommended for future research to adopt mixed - *methods* with a broader geographic scope to test the generalizability of the proposed variable interaction model.

Keywords : *Management of Regional Assets, Audit Findings, Follow-up of Audit Results, Human Resource Competence, Institutional Theory, Medan City.*

INTRODUCTION

Regional Asset Management (BMD) is a crucial pillar in the accountability structure of local governments in Indonesia, particularly in metropolitan cities like Medan. Over the past five years (2019–2024), the Medan City Government has faced complex technical challenges related to the legality, security, and recording of assets. Systemic issues such as uncertified land assets, control of public and social facilities by third parties, and the suboptimal use of digital asset management information systems have become residual problems that hamper effective governance. Technically, the transition to a more integrated system such as the SIPD (Regional Government Information System) requires precise asset data synchronization, but in practice, Medan City still struggles with internal data reconciliation between Regional Apparatus Organizations (OPD) and the Regional Finance and Asset Agency (BKAD). Failure to mitigate risks at this technical level not only has the potential to cause material financial losses to the region but also distort the fairness of the presentation of the city government's financial statements as a whole. Previous research consistently shows that the integrity of asset management systems is significantly influenced by external oversight mechanisms and internal organizational capacity. Referring to the Audit Report (LHP) of the Indonesian Supreme Audit Agency (BPK RI) on the Medan City Regional Government Financial Report (LKPD) over the past five years, although Medan City achieved an Unqualified Opinion (WTP), notes related to BMD management consistently emerged as significant recurring findings. The BPK RI frequently highlights weaknesses in fixed asset administration

IMPROVING THE EFFECTIVENESS OF REGIONAL ASSETS MANAGEMENT: INTERACTION BETWEEN AUDIT FINDINGS, FOLLOW-UP ON AUDIT RESULTS, AND HUMAN RESOURCE COMPETENCE IN MEDAN CITY

Selly Yunita and Irfan

, where asset values on the balance sheet are often not supported by adequate details or valid physical existence. Research by Ivani & Nurdiniah (2019) and Shofa (2023) confirms that detailed audit procedures, including physical checks (taking) and third-party confirmation, are crucial for detecting deviations in liquid and fixed asset accounts. In the context of Medan City, data shows that the percentage of completion of Audit Result Follow-Ups (TLHP) related to assets remains fluctuating, reflecting obstacles in converting auditor recommendations into permanent systemic improvements.

Although the relationship between audit findings and financial management effectiveness has been extensively researched, a significant research *gap exists in the current literature*. Most studies tend to position audit findings as a single independent variable without simultaneously considering their in-depth interaction with the speed of follow-up and human resource competency. In Medan City, the phenomenon shows that detailed audit findings often get stuck at the recommendation implementation stage due to a lack of technical understanding among asset management staff at the OPD level. The existing literature is still dominated by quantitative approaches that test linear relationships, but very little qualitative-descriptive exploration of how the dynamics of the interaction between corrective audit findings and limited human resource competency in the field. This gap provides an opportunity for this study to provide a more comprehensive explanation of why asset management effectiveness remains stagnant despite tightened oversight

The novelty of this research lies in the integration of three pillars of accountability—Audit Findings, Follow-Up Action (TLHP), and Human Resource Competence—into a single interactive analytical framework applied to the specific context of the Medan City Government. Unlike previous, more general studies, this study employs a more tactical approach, adopting in-depth cash and asset audit procedures as an analogy for evaluating system effectiveness. Another novelty is the use of recent, post-pandemic empirical data covering the period of bureaucratic digital transformation in Medan City, providing a new perspective on how the use of modern communication media and digital asset information systems (such as WhatsApp and web-based systems) interact with formal audit procedures in accelerating the resolution of asset findings.

The main focus of this study is to evaluate the extent to which the interaction between the quality of audit findings and the responsiveness of follow-up, moderated by HR competency, can improve the effectiveness of the BMD management system in Medan City. The objectives of this study are to analyze the synchronization between field audit procedures and professional standards theory, as well as to identify inhibiting factors in asset management in Medan City. The research questions posed are: (1) How do audit findings and follow-up audit results influence the effectiveness of BMD management? (2) What is the role of HR competency in bridging auditor recommendations into improvements in asset governance? To answer this, this study uses a descriptive qualitative method with data collection techniques through observation, in-depth interviews with practitioners at the Medan City BKAD, and documentation of the BPK RI LHP. Data analysis techniques are carried out through data reduction, data presentation, and triangulation to ensure the validity of the research findings.

LITERATURE REVIEW

Institutional theory provides a comprehensive framework for understanding how local government organizations, such as the Medan City Government, respond to external pressures to improve their asset governance. Fundamentally, this theory argues that organizational structure and behavior are often driven by the desire to gain social and political legitimacy rather than simply the pursuit of economic efficiency (Meyer & Rowan, 1977). DiMaggio and Powell (1983) introduced the concept of isomorphism, which explains how organizations tend to become similar through three mechanisms: coercive (pressure from authorities such as the Supreme Audit Agency), mimetic (imitating best practices from other regions when facing uncertainty), and normative (standards of professionalism of human resource asset managers). In this context, the effectiveness of the Regional Asset Management (BMD) system is not merely a technical issue, but rather a manifestation of local governments' efforts to align themselves with public norms and expectations institutionalized through government accounting and auditing standards. However, global literature shows significant inconsistencies between the formal adoption of institutional theory and operational practices on the ground. In many developing countries, the phenomenon of *decoupling* is common, where organizations formally adopt sophisticated asset management policies to satisfy international donors or regulators, but their internal practices remain substantially unchanged. Research in the journal *Accounting, Auditing & Accountability The Journal* revealed that many public entities perpetuate a "ceremonial myth" by reporting perfect administrative compliance, while physical assets on the ground remain poorly managed. This mismatch creates an illusion of accountability that looks good on paper but fails to add value to the quality of public services.

IMPROVING THE EFFECTIVENESS OF REGIONAL ASSETS MANAGEMENT: INTERACTION BETWEEN AUDIT FINDINGS, FOLLOW-UP ON AUDIT RESULTS, AND HUMAN RESOURCE COMPETENCE IN MEDAN CITY

Selly Yunita and Irfan

inconsistency in practice is further exacerbated by the failure to translate institutional pressure into tangible performance improvements globally. Many organizations are trapped in a reactive, coercive isomorphism, focusing solely on eliminating audit findings to avoid legal sanctions without addressing the systemic roots of the problem. A study in *the Journal of Public Administration Research and The theory* highlights that without adequate internal commitment and human resource competency, pressure from external auditors often results in only cosmetic changes. An organization may have comprehensive policy documents and expensive digital information systems, but if data integrity and operator capacity are low, these systems are merely a fragile institutional facade.

In the Indonesian context, the inconsistency of institutional theory practices is clearly evident in the phenomenon of pursuing an Unqualified Opinion (WTP). Many local governments (Pemda) are highly focused on achieving this opinion as a symbol of legitimacy of successful leadership, yet the results of audits by the Supreme Audit Agency (BPK RI) continue to show recurring material findings related to fixed assets. Cases in various regions in Indonesia show that even though local governments have formally followed highly technical and detailed audit procedures—as seen in the analysis of audit procedures that span the planning stage through to very detailed reporting—the effectiveness of BMD management has not necessarily increased. Practices in the field often focus more on "document completion" to invalidate audit recommendations than on improving the asset management system holistically.

Furthermore, in various cases in Indonesia, there is a gap between the flexibility of modern communication and the rigidity of bureaucratic asset procedures. Although the use of communication media such as WhatsApp has been adopted to expedite audit coordination and follow-up, this is often not accompanied by substantial improvements in human resource competency in understanding the complexities of regional asset law. As a result, follow-up on audit results is often partial. Research in Indonesia shows that the normative isomorphism expected to emerge from apparatus professionalism is often defeated by political and administrative pressures, resulting in audit findings regarding assets controlled by third parties or abandoned land certification remaining unresolved for years.

A research gap identified from this literature review is the lack of exploration of how the dynamic interaction between technical audit findings and human resource capacity in a complex metropolitan government environment like Medan. Most previous studies have focused on the one-way influence of audit findings on opinions, but few have examined the "black box" of follow-up: why the same recommendations continue to emerge despite in-depth audit procedures. There is a lack of literature explaining the role of human resource competency not merely as a supporting variable but as a key determinant that mediates institutional pressures into systemic effectiveness.

The novelty of this research lies in combining the technical perspective of field auditing with the organizational sociology of Institutional Theory to analyze BMD management in Medan City. Unlike traditional approaches, this research utilizes evidence that field audit practices are often more comprehensive and detailed than standard theory—such as the addition of *reclassification documents*, *list* and *management Letters* in reporting—as an entry point for evaluating local government responsiveness. This study offers a new model that positions "Human Resource Competence" as a key element in determining whether an organization will *decouple* (symbolic compliance) or *integrate* (substantial change) in responding to audit findings and following up on the results.

Based on the discussion above, this research framework is built on the proposition that the effectiveness of the BMD management system in Medan City is determined by the quality of the interaction of three main variables under institutional pressure. Coercive pressure in the form of BPK Audit Findings triggers the need for legitimacy. However, system effectiveness can only be achieved if the Audit Result Follow-up is carried out substantively, not merely administratively. The success of the transition from audit findings to system improvements is strongly moderated by Human Resource Competence; where competent Human Resources will ensure that dynamic and flexible audit procedures are internalized to strengthen asset governance, thereby creating true and permanent accountability for the Medan City Government.

RESEARCH METHODS

The application of qualitative methods in this research is considered very urgent *because* the complexity of the phenomenon of Regional Asset Management (BMD) in Medan City cannot be fully captured through statistical figures alone. A qualitative approach allows researchers to dissect the "black box" of bureaucracy, explore the motives behind *decoupling behavior* (symbolic compliance), and understand how social and political interactions influence the follow-up of audit results. Given that the effectiveness of asset management systems is highly dependent on human interpretation and competence, descriptive qualitative methods provide space for researchers to capture the nuances, sociological barriers, and power dynamics that are often the main causes of recurring audit findings. Thus, this method is able to answer the questions "why" and "how" an asset management policy fails or succeeds at a

IMPROVING THE EFFECTIVENESS OF REGIONAL ASSETS MANAGEMENT: INTERACTION BETWEEN AUDIT FINDINGS, FOLLOW-UP ON AUDIT RESULTS, AND HUMAN RESOURCE COMPETENCE IN MEDAN CITY

Selly Yunita and Irfan

practical level. To ensure objectivity and depth of analysis, this study adopted an approach assisted by qualitative data analysis software, namely **NVivo 14**. The use of NVivo is not simply a transcription tool, but rather an instrument to increase the *trustworthiness* of research through a systematic coding process. With NVivo, researchers categorized data into *nodes* that represent variables such as audit findings, follow-up actions, and HR competencies. This software facilitates *thematic techniques. analysis* to identify hidden patterns from interview results and BPK LHP documents. In addition, visualization features such as *project maps* and *clusters Analysis* in NVivo is used to map interactions between variables precisely, thereby minimizing the researcher's subjective bias and ensuring that each conclusion is supported by strong empirical evidence (*audit trail*).

The stages of this research implementation were carried out systematically following the interactive model of Miles, Huberman, and Saldaña. The first stage is **Pre-Fieldwork**, which includes problem identification, formulation of an institutional theoretical framework, and processing of research permits within the Medan City Government. The second stage is **Data Collection**, where researchers directly engage in observation and interaction with informants. The third stage is **Data Analysis**, which consists of three simultaneous activity flows: (1) data condensation (selecting, simplifying, and transforming raw data in NVivo), (2) data presentation in the form of a matrix or network of relationships between categories, and (3) drawing conclusions and verification. The final stage is **Reporting**, where findings are synthesized with global literature to produce applicable policy recommendations for the Medan City Government.

The data sources in this study are classified into primary and secondary data to achieve source triangulation. **Primary data** were obtained directly from selected research subjects using *purposive sampling techniques*, namely individuals who have authority and in-depth knowledge regarding assets, including officials at the Medan City Regional Finance and Asset Agency (BKAD), the Medan City Inspectorate, and auditors from the BPK RI Representative Office of North Sumatra Province who have handled audits in Medan City. Meanwhile, **secondary data include regulatory documents such as Regional Regulations on BMD Management**, audited financial reports, and related literature. Research subjects or key informants are ensured to be practitioners directly involved in the asset management cycle, so that the resulting data has high credibility to describe the reality in the field.

Data collection techniques were carried out using three main instruments to ensure the depth of information. First, *in - depth interviews*. Semi-structured *interviews were conducted with asset managers to explore their perceptions of system effectiveness and the competency constraints they face*. Second, a **Focus Group Discussion (FGD)** was conducted with representatives from the Regional Personnel Agency (BKAD), asset managers in the sample OPDs, and the Inspectorate to discuss obstacles to synchronizing audit follow-up. Third, researchers conducted **document browsing** and in-depth content analysis of the Audit Report (LHP) of the Indonesian Supreme Audit Agency (BPK) on the Medan City Government Financial Report for the 2020-2024 period. The focus of this document browsing was to identify trends in findings related to BMD management, assess the consistency of recommendations, and analyze audit follow-up monitoring reports to determine the extent to which systemic improvements have been made over the past five years.

RESEARCH RESULT

NVivo 14 software. The theme analysis is focused on the dynamics of Regional Property (BMD) management in Medan City under the lens of Institutional Theory.

1. The Influence of Audit Findings and Follow-Up on Audit Results on the Effectiveness of BMD Management

The first research question explores how audit findings and local government responses through Audit Result Follow-Up (TLHP) contribute to system effectiveness. Based on the analysis of the BPK RI LHP documents for the 2020-2024 period, a consistent typology of findings was found in Medan City, categorized into three main clusters: (1) Administrative management weaknesses, (2) Physical asset discrepancies, and (3) Land certification legality issues. Encoding results NVivo's analysis of the BPK's audit report (LHP) shows that findings related to "Fixed Assets Not Supported by Ownership Documents" and "Fixed Assets Controlled by Third Parties" are the most frequently recurring findings. Theoretically, these findings create coercive pressure (*pressure*) for the Medan City Government. However, the effectiveness of BMD management is often hampered by an "administrative-reactive" follow-up pattern. Informants from the Medan City Inspectorate revealed that the primary focus of OPDs upon receiving BPK recommendations is to dismiss the findings within a 60-day deadline. This often results in formalities (such as issuing statements

or minutes) without addressing the systemic root of the problem, such as physically fencing assets or expediting certification at the BPN.

Further analysis shows that system effectiveness increases significantly only when audit findings are followed by integrative follow-up. For example, an audit finding regarding overlapping land in one area of Medan was only deemed effectively managed when the Medan City Government took concrete legal action and implemented physical security measures, rather than simply adjusting the scores in the SIMBADA application. Thus, while audit findings serve as a catalyst, the quality of the TLHP determines whether that effectiveness is substantive or merely *decoupling* (symbolic compliance for the sake of an unqualified opinion).

2. The Role of Human Resource Competence as a Bridge for the Transformation of BMD Asset Governance in Medan City

The second research question aimed to explore how human resource (HR) competency serves as a bridge between the audit recommendations of the Supreme Audit Agency (BPK RI) and concrete improvements to the Regional Asset Management (BMD) system. Based on thematic analysis using NVivo 14, interviews with officials from the Regional Finance and Asset Agency (BKAD), the Inspectorate, and asset managers in various Medan City Regional Apparatus Organizations (OPDs), several crucial points were identified:

a. Competency Gap: Between Administrative Compliance and Substantial Understanding

Analysis of the interview results revealed an "interpretation gap" in understanding the audit findings. Key informants at the Medan City Regional Personnel Agency (BKAD) emphasized that most asset managers at the OPD level have educational backgrounds that are not aligned with asset management or accounting. From an Institutional Theory perspective, this limitation hinders *normative isomorphism*—that is, organizational change driven by professionalism. Data shows that when the Supreme Audit Agency (BPK) recommends a "re-inventory and revaluation of assets," low-competency personnel tend to only conduct a partial re-inventory without improving the database in the information system (SIPD). Conversely, in regional government agencies (OPD) with strong technically competent personnel, the recommendation is interpreted as an opportunity for a full reconciliation linking physical data, legal data (certificates), and accounting data on the balance sheet.

b. The Impact of Mutation and Rotation on Asset Management Continuity

One of the most significant findings in Medan City is the high turnover rate of asset managers. NVivo's analysis of informant profile data shows that the average tenure of asset managers at the OPD level is only between one and two years. This phenomenon creates obstacles in the process of following up on audit findings. Long-term BPK audit recommendations, such as the certification of thousands of land parcels belonging to the Medan City Government, are often interrupted because new officials must start from scratch. The lack of competency of new staff in understanding asset history often leads to stagnant or lost momentum in follow-up audit findings, resulting in the same findings reappearing in the following year's Audit Report (LHP).

c. Digitalization and Barriers to Technical Competence (Digital Literacy)

Along with the obligation to use the Regional Government Information System (SIPD) in asset management, HR competencies are tested at the literacy level. The FGD results revealed that although information systems have been designed to tighten control, their effectiveness still depends on *the entry point* in the hands of operators. Audit findings related to "Asset Value Improperness" often stem from input errors or the inability of asset managers to classify capital expenditures. Here, human resource competency acts as a moderating variable; a sophisticated system cannot produce accurate asset data if its managing personnel lack a fundamental understanding of Government

Accounting Standards (SAP). The competent human resource in Medan City has been proven to minimize deviations between system records and physical conditions in the field.

d. **Mediation Skills: Translating Audit Language into Managerial Action**

High human resource competency is also reflected in asset managers' ability to coordinate across sectors. The Supreme Audit Agency (BPK) audit findings regarding assets controlled by third parties require strong negotiation skills and legal understanding. Research shows that competent asset managers in Medan City don't simply wait for instructions but proactively coordinate with the Legal Department and the National Land Agency (BPN) to follow up on audit recommendations.

Systematically, the results of this study demonstrate that human resource competency is a determining factor in whether the Medan City Government will engage in *decoupling* (symbolic compliance in pursuit of an unqualified opinion) or undertake substantial improvements. Competent human resources function as "translators" who transform rigid audit language into solution-oriented managerial steps. Without adequate competency, audit findings and follow-up procedures will simply become an annual administrative cycle without ever achieving true asset management effectiveness.

DISCUSSION

This section presents an in-depth interpretation of research findings regarding the interaction between audit findings, follow-up to audit results, and human resource (HR) competency in improving the effectiveness of Regional Asset (BMD) management in Medan City. The discussion is conducted through the lens of Institutional Theory, elaborating on field findings with reputable international literature.

1. The Paradox of Audit Findings and the *Decoupling Phenomenon* in the Medan City Government

The findings of this study indicate that although the audit by the Indonesian Supreme Audit Agency (BPK RI) in Medan City has been conducted in-depth and covers detailed technical aspects, the effectiveness of fixed asset management is still hampered by administrative follow-up patterns. This phenomenon confirms **Meyer & Rowan's (1977) theory** of *decoupling*, where local government organizations adopt formal procedures to meet institutional demands (WTP opinions) while maintaining old and inefficient internal practices.

This finding aligns with **Power's (1997) study** on *the "Audit Society"*, which argues that audits often create a superficial ritual of compliance. In Medan, coercive pressure from the Indonesian Supreme Audit Agency (BPK RI) pushed the city government to resolve findings quickly to avoid impeding the financial statement opinion. However, this discussion aligns with the findings of **Ashworth et al.'s (2009) study**, which stated that coercive isomorphism often results in only "surface" changes. The improvements made in Medan were primarily corrective to balance sheet figures, but weak in terms of physical asset security.

However, this finding somewhat contradicts the **technical efficiency perspective** put forward by some classical asset management researchers, who believe that audits automatically improve performance (pro). Instead, this study suggests (contra) that without a change in organizational culture, audits can actually trigger unproductive administrative burdens if their follow-up is solely aimed at fulfilling legal obligations without substantial governance improvements.

2. Responsiveness : Between Legitimacy and Substantive Improvement

This study found that the effectiveness of BMD management in Medan City is highly dependent on the quality of follow-up on examination results. Field findings indicate a tendency towards "isomorphism." "mimetic", where OPDs in Medan City tend to imitate administrative settlement patterns from other regions or previous years which are considered to have successfully passed the "needle's eye" of BPK audits. Elaboration with **Lapsley's (2009) research** in the journal *Accounting, Auditing & Accountability The Journal* corroborates this finding, stating that public sector accountability often falls into an "accounting trap." In Medan, the success of follow-up actions is often measured quantitatively by the percentage of completion of BPK recommendations. Qualitatively, however, fundamental issues such as land certification and third-party asset ownership have remained unresolved for years.

This has sparked a (contra) debate against the traditional view that increasing the frequency of audits and oversight will reduce irregularities. Findings in Medan suggest that the high frequency of repeated findings actually indicates that audit instruments lose their "vibratory" or deterrent effect if not accompanied by a firm *punishment mechanism or incentives for systemic improvement*.

3. Human Resource Competence as a Determinant of Normative Isomorphism

One crucial finding in this study is the central role of human resource competency as a bridge to transformation. The study found that low technical competency and high employee turnover in Medan City were the main obstacles to system effectiveness. Within the framework of institutional theory, this is referred to as the failure of **Normative Isomorphism**. Professionalism, which should be a driver of change, failed due to the lack of continuity and specialization.

This finding strongly supports **Nyland & Pettersen's (2015) study**, which emphasized that the success of public sector reforms depends heavily on the "absorptive capacity" of its human resources. In Medan City, when the digital system (SIPD) was implemented, incompetent human resources tended to experience mimetic uncertainty, namely imitating the data input process without understanding the logic of asset administration. As a result, even a sophisticated digital system was unable to prevent recording errors that were found in annual audits.

On the other hand, there is a counter view from several government information technology studies which argue that "a good system will discipline humans" (*technological determinism*). However, findings in Medan City reject this premise. This study proves that the human factor (competence) remains the dominant variable. Information systems are merely tools, while their effectiveness is fully moderated by the ability of human resources to translate audit recommendations into precise managerial actions.

4. Local Dynamics: The Impact of Job Transfers and Continuity of Accountability

The findings on the negative impact of job transfers on asset management in Medan City provide a unique contribution to the literature on public management in developing countries. When asset management officials change, "institutional knowledge" (institutional knowledge) is transferred. *Memory* is often lost. This causes long-term follow-up of BPK audit results to be neglected.

Elaborating on research by **Arnaboldi & Lapsley (2004)**, it was shown that the stability of organizational structures is key to the effectiveness of reforms. In Medan, this phenomenon demonstrates that institutional pressure from the regulator (the Supreme Audit Agency) often clashes with local political interests (job transfers/rotations). This asynchronous nature creates an environment where asset management is fragmented rather than continuous.

This finding offers a novel perspective: in a metropolitan government environment like Medan, human resource competency is not just about "individual expertise," but also about "institutional stability." Without this stability, audit findings will simply become historical burdens passed down from one official to the next without ever being resolved.

Overall, this discussion confirms that improving the effectiveness of BMD management in Medan City requires a paradigm shift from merely pursuing legitimacy (WTP opinion) to strengthening substantial capacity. The interaction between quality audit findings, integrative follow-up, and competent and stable human resources is an absolute prerequisite for the creation of accountable asset governance. This research supports the need to strengthen normative isomorphism through asset manager competency certification to offset coercive pressure from auditors, so that local governments are not simply trapped in *decoupling practices* that are detrimental to the public interest in the long term.

CONCLUSION

This study concludes that the effectiveness of the Regional Asset Management (BMD) system in the Medan City Government is not a sole result of external oversight, but rather a product of the dynamic interaction between audit pressure, responsiveness of follow-up, and internal human resource capacity. The research findings indicate that although the BPK RI audit procedures have been carried out in depth and include detailed technical aspects, this often only triggers symbolic compliance (*decoupling*) if not accompanied by substantive follow-up. In Medan City, audit findings serve as an initial catalyst, but the true effectiveness of asset management—such as the resolution of

IMPROVING THE EFFECTIVENESS OF REGIONAL ASSETS MANAGEMENT: INTERACTION BETWEEN AUDIT FINDINGS, FOLLOW-UP ON AUDIT RESULTS, AND HUMAN RESOURCE COMPETENCE IN MEDAN CITY

Selly Yunita and Irfan

land legality and physical arrangement of assets—is only achieved when the auditor's recommendations are internalized through competent human resources. Human resource competency has been shown to play a crucial moderating role ; without competent and stable human resources, audit procedures and digital information systems (such as SIPD) will only serve as administrative facades that fail to permanently protect regional assets.

This research provides a significant theoretical contribution to the development of Institutional Theory in public sector accounting, particularly by explaining how internal organizational factors (human capital) determine whether a government entity will integrate or decouple *in* response to regulatory pressure. Practically, this research contributes to the Medan City Government in the form of policy recommendations to strengthen the stability of asset management positions in order to maintain *institutional memory* and improve digital and legal literacy for asset management officials. These findings also provide a model for other metropolitan regional governments in Indonesia in managing asset complexity through synchronizing oversight functions, executing recommendations, and continuously developing human resource professionalism.

Despite its contributions, this study is limited by its geographic scope, focusing on only one metropolitan city (Medan). Therefore, generalizing the findings to regions with different fiscal capacities and administrative characteristics requires caution. Furthermore, the qualitative-descriptive approach provided depth but has limitations in statistically testing the strength of relationships between variables . Future research is recommended to employ quantitative or *mixed methods* (*methods*) with a broader sample across various provinces in Indonesia to test the interaction model proposed in this study. Future studies should also explore in more depth the specific impact of local political stability on the continuity of long-term follow-up of asset audit results.

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IMPROVING THE EFFECTIVENESS OF REGIONAL ASSETS MANAGEMENT: INTERACTION BETWEEN AUDIT FINDINGS, FOLLOW-UP ON AUDIT RESULTS, AND HUMAN RESOURCE COMPETENCE IN MEDAN CITY

Selly Yunita and Irfan

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