JOURNAL OF ACCOUNTING RESEARCH, UTILITY FINANCE AND DIGITAL ASSETS
(JARUDA) | 2962-973X
Website : https://jaruda.org/index_php/go/index | Volumes 5 No. 1 (2026)

ANALYSIS OF THE CAUSES OF REPEATED FINDINGS IN AUDITS OF LOCAL GOVERNMENT FINANCIAL REPORTS: THE PERSPECTIVE OF THE BPK AUDITORS OF THE NORTH SUMATERA PROVINCE REPRESENTATIVE OFFICE

Victor Efendi, Eka Nurmala Sari
Magister Akuntansi, Sekolah Pascasarjana, Universitas Muhammadiyah Sumatera Utara, Medan
Email: victorefendi90@gmail.com ; ekanurmala@umsu.ac.id

Received: 08//06/2026 | **Revised:** 15/06/2026 | **Accepted:** 01/07/2026 | **Published:**08/07/2026

Abstract
This study aims to analyze the causes of recurring findings in the audit of local government financial reports from the perspective of auditors from the Supreme Audit Agency (BPK) Representative Office of North Sumatra Province. The phenomenon of recurring findings indicates that audit recommendations have not been fully followed up effectively by local governments. This condition has the potential to reduce the quality of local financial governance, hamper public accountability, and affect the effectiveness of local budget management. This study uses a descriptive qualitative method with a field study approach through in-depth interviews, observation, and documentation. Research informants consisted of auditors from the BPK Representative Office of North Sumatra Province who have experience in auditing local government financial reports. Data analysis techniques were carried out through data reduction, data presentation, and drawing conclusions. The results of the study indicate that weak management commitment, weaknesses in SPIP (Standard Implementation Implementation System), limited human resource competency, administrative follow-up, and regulatory complexity are the main causes of recurring findings. Recurring findings are seen as indicators of suboptimal governance and internal oversight of local governments.

Keywords: public sector audit, recurring findings, local government audit, BPK, financial reports, qualitative research

INTRODUCTION

Improving the quality of regional financial management is a key pillar in realizing good governance. In the era of fiscal decentralization, regional governments have been granted broader authority to manage financial resources to improve public services and community welfare. This authority must be balanced with adequate accountability mechanisms through the preparation of high-quality, reliable, relevant financial reports that comply with applicable laws and regulations. As a form of external oversight, the Supreme Audit Agency of the Republic of Indonesia has a constitutional duty to audit the management and accountability of state finances, including regional government financial reports. The results of the BPK audit not only produce an opinion on the fairness of the presentation of financial reports but also reveal various weaknesses in the internal control system and non-compliance with applicable laws and regulations.

In recent years, the quality of local government financial reports in Indonesia has shown significant improvement. This is indicated by the increasing number of local governments receiving an Unqualified Opinion (WTP) from the Supreme Audit Agency (BPK). However, this increase in audit opinions does not fully reflect the elimination of various problems in regional financial management. Various BPK audit reports still show recurring findings from year to year. Recurring audit findings occur when a problem identified in a previous audit and recommended for improvement is re-discovered in the next audit period with the same or similar characteristics. This phenomenon indicates that audit recommendations have not been optimally followed up or that the improvements implemented have not been able to address the root cause of the problem.

The existence of recurring audit findings is a significant concern because it can reflect the weak effectiveness of internal control systems and the low quality of regional financial governance. Theoretically, the audit process aims not only to uncover errors or irregularities but also to encourage continuous improvement in organizational management. When the same findings repeatedly emerge across multiple audit periods, the organizational learning function that should be fostered through the audit process becomes less effective. This situation can be detrimental to local governments, as resources that should be used to improve the quality of public services are instead diverted to address recurring problems. Furthermore, recurring findings also have the potential to undermine public trust in the accountability of local government financial management.

In the context of local government, recurring findings generally relate to fixed asset management, expenditure accountability, procurement of goods and services, regional revenue management, and weaknesses in the Government Internal Control System (SPIP). These problems often arise not because of a lack of regulations, but rather due to weak implementation of established regulations. Various audit results indicate persistent weaknesses in the planning, implementation, supervision, and evaluation of regional financial management. Therefore, understanding the root causes of recurring findings is crucial for formulating more effective and sustainable improvement strategies. Such efforts require not only improvements in administrative procedures but also changes in organizational behavior and a strengthened culture of accountability within the local government environment.

Repeated audit findings also indicate a gap between the auditor's recommendations and the implementation of improvements by the audited entity. In practice, follow-up to audit recommendations often encounters various obstacles, both technical and non-technical. Technical obstacles can include limited human resources, a lack of understanding of regulations, weak information systems, and the suboptimal application of technology in regional financial management. Meanwhile, non-technical obstacles can include low leadership commitment, an organizational culture that does not support accountability, weak coordination between work units, and ineffective internal oversight functions. These various factors can lead to audit recommendations not being fully implemented, resulting in the recurrence of similar problems in subsequent audits.

The North Sumatra Provincial Audit Board (BPK) is one of the implementing elements of the BPK, tasked with auditing the management and accountability of regional finances in 34 regional government entities in North Sumatra. These audit entities consist of one provincial government, eight city governments, and 25 district governments, including Regionally-Owned Enterprises (BUMD) and other related institutions. Each year, the BPK audits Regional Government Financial Reports (LKPD) in accordance with State Financial Audit Standards. Based on audit results through 2024, 28 regional governments in North Sumatra Province have received an Unqualified Opinion (WTP). However, various issues remain that require serious attention in regional financial management.

Based on the audit of the Regional Financial Reports (LKPD) from 2022 to 2024, the North Sumatra Provincial Representative Office of the Supreme Audit Agency (BPK) has issued 102 financial audit report results (LHP) for 34 local governments. The total number of findings and recommendations from these LHPs has shown an increasing trend, with a total of 1,284 findings and 4,623 recommendations. A summary of the LHPs from 2022 to 2024 is presented in the following table.

Table 1. Results of the Audit of the 2022 to 2024 Regional Financial Reports of the North Sumatra Representative of the Supreme Audit Agency (BPK).

No	Year	Number of LHP	Number of Findings	Number of Recommendations	Number of Problems	Value of Findings (in Millions of Rupiah)
1	2022	34	342	1,295	600	130,930.91
2	2023	34	421	1,444	665	195,662.36
3	2024	34	521	1,884	779	319,979.83
	Amount	**102**	**1,284**	**4,623**	**2,044**	**646,573.10**

Processed data source, IHPD 2022-2024

From the findings of the LKPD audit from 2022 to 2024, there are several types of consequences arising from non-compliance with laws and regulations, including regional losses, potential regional losses, and shortfalls in regional revenue, which are known to tend to recur and increase every year, as shown in the following table.

Table 2. Recapitulation of Audit Findings of the 2022 to 2024 Regional Financial Report of the North Sumatra Representative of the Supreme Audit Agency (BPK).

(In millions of Rupiah)

No	Year	Non-compliance with the provisions of laws and regulations resulting in		
		Regional Losses (Rp)	Potential Regional Losses (Rp)	Revenue Shortfall (Rp)
1	2022	90,257.32	19,885.71	20,787.88
2	2023	111,423.72	48,573.85	35,664.79
3	2024	155,702.40	138,256.95	26,020.48
	Total	**357,383.44**	**206,716.51**	**82,473.15**

Processed data source, IHPD 2022-2024

The North Sumatra Provincial Government, as the provincial government that coordinates the implementation of district/city government in the North Sumatra region, also faces challenges in realizing accountable financial governance. This condition is reflected in the continued discovery of recurring findings in the results of the Supreme Audit Agency (BPK RI) audits. This phenomenon has attracted the attention of a member of the North Sumatra Legislative Council, who stated that the recurring findings of the BPK RI must be a serious evaluation for the North Sumatra Provincial Government. According to him, several findings still reappeared in the audit of the following fiscal year. This condition indicates that the follow-up to the audit recommendations has not been fully effective, resulting in the same problems being found again in subsequent audit periods. This phenomenon indicates that there are still weaknesses in the internal control system, supervision, and policy implementation in the regional government that require further attention.

The auditor's perspective is crucial in understanding this phenomenon because auditors are the parties directly involved in identifying, analyzing, and evaluating various problems in regional financial management. Auditors not only understand the nature of the findings but also possess knowledge of the organization's condition, the pattern of follow-up to recommendations, and the various obstacles faced by local governments in making improvements. Thus, the auditor's perspective can provide a more comprehensive picture of the root causes of recurring findings than simply looking at quantitative data on follow-up to audit recommendations. The auditor's perspective also allows researchers to understand factors not always visible in formal reports, such as organizational culture, management commitment, and the dynamics of relationships between work units within government organizations.

Various researchers have previously conducted research on recurring audit findings, focusing on factors influencing financial report quality, the effectiveness of internal control systems, and the level of follow-up on audit recommendations. However, most previous studies used a quantitative approach and focused on statistically examining relationships between variables. Research specifically exploring auditors' experiences and perspectives on the causes of recurring audit findings remains relatively limited, particularly in the context of local governments in North Sumatra Province. Auditors have a direct understanding of the characteristics of findings, the effectiveness of follow-up on recommendations, and the various obstacles audited entities face in implementing improvements. Therefore, this study seeks to fill this research gap through a qualitative approach with a case study design.

A qualitative approach was chosen because it provides a deeper understanding of the social and organizational phenomena underlying the emergence of recurring audit findings. Through in-depth interviews with auditors from the North Sumatra Provincial Representative Office of the Supreme Audit Agency (BPK), this study hopes to uncover various factors previously unseen in quantitative data. Furthermore, this approach allows researchers to understand how auditors interpret the phenomenon of recurring findings and how they assess the effectiveness of follow-up recommendations made by local governments.

Based on the above description, this study aims to analyze the causes of recurring audit findings in local government financial statement audits from the perspective of auditors from the North Sumatra Provincial Representative Office of the Supreme Audit Agency (BPK). Specifically, this study seeks to identify organizational factors, human resources, internal control systems, and institutional environments that contribute to the emergence of recurring findings. The results of this study are expected to provide theoretical contributions to the development of public sector audit literature, particularly regarding the effectiveness of follow-up on audit results and strengthening the government's internal control system. In addition, this study is also expected to provide practical contributions for local governments, the BPK, and the Government Internal Supervisory Apparatus (APIP) in formulating more effective strategies to reduce recurring findings, improve the quality of regional financial governance, and realize sustainable public accountability.

LITERATURE REVIEW

Public Sector Audit Theory

Public sector audits are oversight mechanisms aimed at ensuring that public resource management is carried out economically, efficiently, effectively, transparently, and accountably. In the context of government, audits serve not only as a means of verifying the fairness of financial reports but also as an instrument for strengthening governance and increasing public trust in state financial management. According to Hay and Cordery (2018), the value of public sector audits can be explained through several theoretical perspectives, namely agency theory, management control theory, governance theory, signaling theory, insurance theory, and confirmation theory. However, the most dominant theories explaining the existence of public sector audits are agency theory and management control theory. Audits help reduce information asymmetry between the government, as the manager of public resources, and the public, as the party mandating the management of those resources. Furthermore, audits serve as an evaluation mechanism capable of identifying organizational weaknesses and providing recommendations for continuous improvement.

From a management control theory perspective, auditing is viewed as a tool that helps organizations achieve their goals by monitoring the effectiveness of control systems and compliance with established policies. Therefore, audit success is measured not only by the ability to detect deviations but also by the effectiveness of follow-up on the auditor's recommendations. When similar findings continue to emerge in subsequent audit periods, this indicates that the organizational learning function and continuous improvement expected from the audit process have not been optimally implemented. In this study, public sector audit theory is used to explain that recurring audit findings are an indicator of ineffective organizational improvement processes following an audit. From the auditor's perspective, the emergence of similar findings in subsequent periods indicates obstacles to the implementation of audit recommendations, which can stem from organizational factors, human resources, control systems, and the institutional environment.

Government Internal Control System (SPIP)

The Government Internal Control System (SPIP) is a continuous process carried out by management and all employees to provide adequate assurance that organizational goals are achieved through effective and efficient activities, reliable financial reporting, safeguarding state assets, and compliance with laws and regulations. SPIP in Indonesia is regulated by Government Regulation Number 60 of 2008 and developed based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework.

The Internal Control System (SPIP) consists of five main elements: the control environment, risk assessment, control activities, information and communication, and internal control monitoring. These five elements are interrelated and support the achievement of organizational goals. The control environment plays a role in building an organizational culture that upholds integrity and accountability. Risk assessment serves to identify potential obstacles that could disrupt the achievement of organizational goals. Control activities are policies and procedures designed to mitigate risk. Meanwhile, information and communication ensure the availability of relevant information for decision-making, while monitoring is conducted to assess the effectiveness of implemented controls.

Sutaryo and Sinaga (2018) explain that the maturity level of SPIP (Regional Government Internal Control System) is influenced by internal guidance, external oversight, and local government characteristics. Their research shows that the better the SPIP implementation, the higher the level of accountability and quality of regional financial management. Conversely, weaknesses in internal control increase the likelihood of audit findings and regulatory non-compliance. In the context of this research, SPIP theory is used to explain that the emergence of recurring audit findings indicates an ineffectiveness of the local government's internal control system. When the same weaknesses are consistently found across multiple audit periods, this indicates that the risk identification, control implementation, and follow-up monitoring processes are not functioning optimally.

Recurring Audit Findings

Recurring findings are findings with the same problems, which always recur from year to year even though previous findings have been followed up. According to Cahill (2012), recurring findings can be defined as: 1) A finding that was identified in the previous independent audit for which a corrective action has not been completed as planned; 2) A finding that is substantially similar in nature to one that was identified in the previous independent audit. Recurring audit findings in village financial management also indicate a lack of attention from the auditor or auditee to previous audit findings. From an organizational perspective, recurring findings indicate a failure in the organizational learning process. An organization with a robust learning system should be able to use audit results as a means of continuous evaluation and improvement. Conversely, when the same findings repeatedly emerge, the organization has not successfully transformed audit recommendations into changes to systems, procedures, or improved work behaviors. This situation has the potential to waste resources, reduce the effectiveness of government programs, and undermine public trust in the accountability of regional financial management. In local government, recurring findings generally relate to fixed asset management, procurement of goods and services, regional revenue management, expenditure accountability, and weaknesses in the government's internal control system. Therefore, understanding the factors causing recurring findings is crucial to supporting efforts to improve the quality of government governance.

Auditor's Perspective in Identifying the Causes of Recurring Findings

Auditors have a direct understanding of the characteristics of audit findings, the process for following up on recommendations, and the various obstacles faced by audited entities in correcting identified weaknesses. In public sector audits, auditors are tasked not only with identifying irregularities and non-compliance with laws and regulations, but also with evaluating the effectiveness of internal control systems and providing recommendations aimed at improving organizational accountability and governance (Mulyadi, 2017).

An auditor's perspective can be defined as the auditor's perspective, perception, professional judgment, and interpretation of an audit phenomenon based on experience, competence, independence, and evidence obtained during the audit process (Ikhtiari, 2019). The auditor's perspective is important because the auditor has direct experience in observing the pattern of audit findings and the effectiveness of follow-up recommendations made by the audit entity. Through the audit process and interactions with various public sector organizations, auditors can identify various factors that cause an audit finding to reappear in the next audit period.

From an auditor's perspective, recurring findings indicate that the underlying root causes of previous findings have not been effectively resolved. This situation may be caused by low leadership commitment to following up on audit recommendations, limited human resource competency, weak coordination between work units, an organizational culture that does not support accountability, and ineffective internal control and information systems (Husni, Idayu, & Supriyatna, 2022; Lambo & Ritonga, 2023).

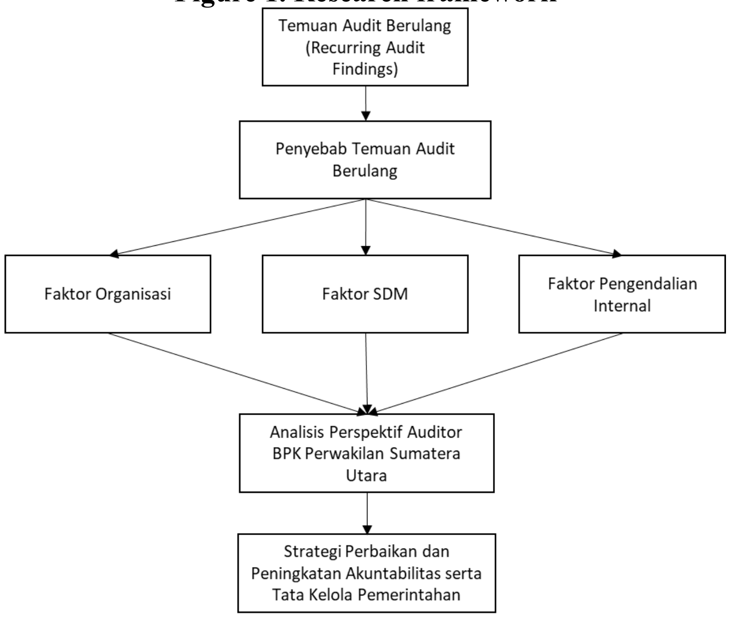
In qualitative research, the auditor's perspective provides a deeper understanding of the causes of recurring findings compared to analyses that focus solely on the level of follow-up to audit recommendations. This perspective allows researchers to explore the auditor's experience, knowledge, and professional judgment in identifying factors that influence the success or failure of audit findings resolution. Therefore, using a qualitative approach through in-depth interviews with auditors at the Supreme Audit Agency (BPK) is relevant for uncovering and understanding the factors underlying recurring audit findings in local governments.

Framework

Recurring audit findings are one indicator of suboptimal regional financial governance. Although auditors have recommended improvements in previous audits, the same issues are still found in subsequent audits. This situation indicates that the follow-up process for audit recommendations has not been fully effective in addressing the root causes of the problems. Based on Public Sector Audit Theory, audits serve as a mechanism for accountability and continuous improvement in public sector organizations. Therefore, recurring findings indicate that organizational learning and the implementation of audit recommendations are not yet optimal. Meanwhile, based on the Government Internal Control System Theory (SPIP), recurring findings can be caused by weaknesses in internal control elements such as the control environment, risk assessment, control activities, information and communication, and monitoring.

In this study, the causes of recurring audit findings are analyzed through the perspective of auditors from the North Sumatra Provincial Representative Office of the Supreme Audit Agency (BPK). Auditors are considered key informants because they have direct experience in conducting audits, evaluating follow-up recommendations, and identifying various obstacles faced by local governments in correcting identified weaknesses. Through in-depth interviews, this study seeks to uncover factors contributing to recurring audit findings, including those originating from organizational aspects, human resources, internal control systems, and the institutional environment. The results of the identification of these factors are expected to provide a more comprehensive understanding of the root causes of recurring audit findings so that they can serve as a basis for formulating improvement strategies to increase accountability, effectiveness of regional financial management, and the quality of governance.

Figure 1. Research framework



The framework of this research is based on the assumption that recurring audit findings do not occur due to a single factor, but rather are influenced by various interacting factors, such as organizational factors, human resource competency, the effectiveness of internal control systems, and the institutional environment. Through the perspective of auditors from the North Sumatra Provincial Representative Office of the Supreme Audit Agency (BPK), this study seeks to identify and understand these factors in depth to obtain a comprehensive picture of the causes of recurring audit findings in local governments. Therefore, the research findings are expected to contribute to efforts to strengthen internal control systems and improve the quality of regional financial governance.

RESEARCH METHODS

This study employed a qualitative approach with descriptive methods. Primary data were obtained through in-depth interviews with 20 auditors from the BPK Representative Office of North Sumatra Province, selected using purposive sampling. The informants had at least five years of experience auditing LKPD (Regional Financial Statements). Data analysis employed the Miles, Huberman, and Saldaña model, encompassing data condensation, data presentation, and conclusion drawing. Data analysis was carried out through the stages of reducing the results of auditor interviews, grouping categories of causes of recurring audit findings , interpreting relationships between themes, and drawing conclusions based on patterns that emerged from empirical data.

RESEARCH RESULT

Identification of Factors Causing Recurring Audit Findings Based on the Perspective of Auditors from the BPK Representative Office of North Sumatra Province

Based on the results of in-depth interviews with 20 auditors from the BPK Representative Office of North Sumatra Province, it was found that the emergence of repeated audit findings in local governments was not caused by a single factor, but rather was the result of the interaction of various organizational factors, control systems, human resources, and audit recommendation follow-up mechanisms. The results of the data analysis produced five main themes that caused repeated audit findings, namely: (1) weak management commitment in following up on audit recommendations, (2) weaknesses in the Government Internal Control System (SPIP), (3) limited human resource competency, (4) follow-up to audit recommendations that were still administratively oriented, and (5) the complexity of regional financial management regulations.

Weak Management Commitment to Following Up on Audit Recommendations

The research results show that the commitment of regional leaders and heads of regional apparatus organizations (OPDs) is a dominant factor influencing the successful completion of audit recommendations. Auditors assessed that audit recommendations often provide clear direction regarding corrective actions, but their implementation is highly dependent on the attention and support of local government management.

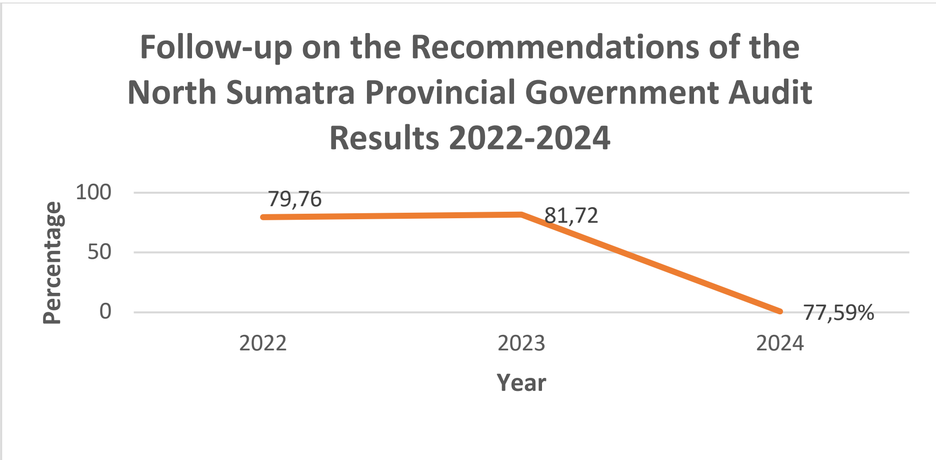
As stated by Auditor A1:

"Recommendations actually outline what needs to be improved, but their success depends heavily on leadership commitment. If leadership doesn't pay close attention, follow-up is usually slow and only occurs when the next audit period approaches."

statement shows that the success of audit follow-up is not only influenced by the existence of recommendations, but also by the organization's capacity to make recommendations a priority for improvement.

The same audit findings can recur because addressing recommendations is often not a management priority. Some local governments still view audit results as an administrative obligation to be fulfilled, rather than as an evaluation tool for improving organizational governance. As a result, corrective actions taken tend to be partial and fail to address the root causes of the problem. The results of monitoring the follow-up of recommendations from the North Sumatra Provincial Government's audit results from 2022 to 2024 have not been fully followed up by the North Sumatra Provincial Government and even tend to decrease in the percentage of completion/follow-up of recommendations as shown in the following graph.

Chart 1. Follow-up on Recommendations from the Audit Results of the North Sumatra Provincial Government from 2022 to 2024



From a public sector audit theory perspective, this situation indicates that the audit function as a mechanism for enhancing accountability is not yet fully effective. Audits aim not only to identify errors but also to encourage organizations to undertake continuous improvement. When audit recommendations lack full management support, the audit's added value is diminished because the audit results are not fully translated into changes in organizational systems and behavior. This finding also aligns with the management control theory perspective, which explains that the effectiveness of organizational control is greatly influenced by leadership commitment. Leadership plays a crucial role in creating a culture of compliance, ensuring the implementation of procedures, and allocating the necessary resources to resolve issues identified by auditors.

Weaknesses of the Government Internal Control System (SPIP)

The research results show that weaknesses in the Government Internal Control System (SPIP) are one of the factors that cause the same problems to be found again in subsequent audits.

Auditor A7 revealed:

"Many recurring audit findings occur not solely due to individual error, but because the control systems that should prevent errors from occurring have not been operating effectively."

Several weaknesses frequently identified relate to suboptimal risk identification processes, weak internal oversight, inadequate separation of functions, and ineffective monitoring and evaluation mechanisms. When internal controls operate only as an administrative formality, the potential for errors in regional financial management remains high.

The weaknesses of the SPIP are reflected in the findings of the Internal Control System (SPI) in the Audit of the North Sumatra Province LKPD from 2022 to 2024 with an increasing trend from the initial seven SPI problems in 2022 to 12 SPI problems in 2024 as detailed in the following table.

Table 4. Results of the SPI Findings of the North Sumatra Province LKPD Examination from 2022 to 2024

No	Year	Weaknesses of Accounting and Reporting Control Systems	Weaknesses of the Revenue and Expenditure Budget Implementation Control System	Weaknesses of Internal Control Structure	Total SPI Issues
1	2022	4	2	1	**7**
2	2023	4	6	0	**10**
3	2024	6	4	2	**12**
	Total	**14**	**12**	**3**	**29**

Based on SPIP theory, effective internal control must encompass five key elements: the control environment, risk assessment, control activities, information and communication, and monitoring. Repeated audit findings indicate weaknesses in one or more of these elements.

Specifically regarding monitoring, the auditor assessed that the local government had not fully evaluated the root causes of a problem. The local government tended to resolve findings based on the auditor's specific recommendations, but failed to implement system improvements that could prevent similar problems from recurring. Thus, repeated audit findings can be understood as an indicator that the internal control system has not been able to carry out its preventive function optimally.

Limited Human Resource Competence

Another factor found in the research is the limited competence of human resources (HR) in regional financial management.

Auditor A13 stated:

"The dynamic nature of regulatory changes requires officials who are able to understand and apply the provisions accurately. However, in practice, we still find employees who lack an adequate understanding of local government financial management regulations."

In addition to competency, employee transfers are also a barrier to maintaining organizational knowledge. Changes in financial staff can lead to a loss of understanding of administrative processes, control mechanisms, and follow-up to previous audit recommendations.

This situation demonstrates that resolving audit findings requires not only formal policies but also the capacity of individuals involved in regional financial management processes. This is reinforced by the audit findings of the North Sumatra Provincial Government's financial statements, which have consistently increased from 2022 to 2024, as shown in the following table of audit findings for the North Sumatra Provincial Government.

Table 5. Recapitulation of Audit Findings of the North Sumatra Province LKPD for 2022 to 2024

(In millions of Rupiah)

No	Year	Non-compliance with the provisions of laws and regulations which may result in			Total Value of Non-Compliance Findings (Rp)
		Regional Losses (Rp)	Potential Regional Losses (Rp)	Revenue Shortfall (Rp)	
1	2022	10,471.85	706.53	1,452.85	**12,631.23**
2	2023	15,819.74	18,448.66	1,931.77	**36,200.17**
3	2024	6,559.06	104,752.30	488.29	**111,799.65**
	Total	**32,850.65**	**123,907.49**	**3,872.91**	**160,631.05**

Human resource competency is part of the control environment that determines the effectiveness of an organization's systems. A good control environment can only be created if the organization has competent employees who understand their responsibilities and are aware of the importance of accountability in public financial management.

Follow-up on Audit Recommendations is limited to administrative matters

Interview results indicated that one of the causes of recurring audit findings is the tendency of local governments to follow up on recommendations solely to fulfill administrative requirements. Auditors found that some entities focused more on providing supporting documentation as proof of completion than on improving the systems that led to the findings. This administrative approach results in temporary resolution of findings that do not result in fundamental changes. Consequently, when audits are conducted in subsequent periods, auditors again find weaknesses with the same characteristics.

In public sector audit theory, follow-up on recommendations is a crucial component of audit value. An audit is considered beneficial if the recommendations provided improve organizational effectiveness. Therefore, audit success is measured not only by the number of findings, but also by the entity's ability to address identified weaknesses. The lack of follow-up on audit results indicates a gap between administrative compliance and improved governance. Local governments need to shift the paradigm, emphasizing that audit follow-up is not simply about fulfilling audit obligations, but rather an organizational learning process aimed at improving the quality of regional financial management.

The Complexity of Regional Financial Management Regulations

The final factor found in the research is the complexity of regional financial management regulations.

The auditor explained that the dynamic changes in regulations pose a challenge for local governments in maintaining compliance between financial management practices and applicable provisions.

Auditor A14 stated:

"Regulatory changes take time to understand and implement. When socialization is not optimal, there is a possibility that officials will make mistakes because they are still using their understanding based on previous regulations."

Regulatory complexity becomes increasingly challenging when it is not supported by adequate HR competency and internal control systems.

Thus, regulatory changes are not the sole cause of audit findings, but are a factor that increases risk if the organization does not have good adaptation capabilities.

Based on the overall interview results, this study shows that recurring audit findings are a complex organizational phenomenon. These findings relate not only to regulatory compliance but also reflect the local government's ability to engage in organizational learning and improve its financial management system.

Weak leadership commitment has prevented follow-up on recommendations from becoming an organizational priority. This situation is exacerbated by weaknesses in the SPIP (Standard Implementation Plan), limited human resource competency, a still-administrative approach to follow-up, and the challenges of regulatory change.

The results of this study strengthen the public sector audit theory that audit success is not only determined by the auditor's ability to find problems, but also by the organization's ability to utilize audit results as a basis for continuous improvement.

Improvement Strategies to Reduce Recurring Audit Findings

Based on research findings and the perspectives of auditors from the North Sumatra Provincial Representative Office of the Supreme Audit Agency (BPK), recurring audit findings cannot be resolved solely through administrative follow-up mechanisms but require systemic changes in regional financial governance. The recurring audit findings indicate a gap between audit recommendations and the implementation of improvements at the organizational level. Therefore, an improvement strategy is needed that encompasses leadership, control systems, human resources, and institutional strengthening.

Strengthening leadership commitment can be achieved by establishing targets for completing audit recommendations as part of OPD performance indicators, conducting regular follow-up evaluations, and assigning clear responsibilities to relevant officials. Regional leaders also need to build an organizational culture that views audit results as an instrument for improving governance, not simply an administrative obligation.

Weaknesses in the SPIP are one of the main causes of recurring audit findings. Therefore, local governments need to strengthen the implementation of the SPIP through a more substantive approach, not just focused on fulfilling administrative documents. Strengthening the SPIP can be done by improving the quality of risk identification and management , especially in high-risk activities such as procurement of goods and services, asset management, and regional spending implementation. Strengthening control activities, through the development of clear work procedures and the implementation of multi-layered verification mechanisms. Increasing the effectiveness of monitoring and evaluation, so that weaknesses can be identified and corrected before they become audit findings. Applying root cause analysis to each finding so that improvements are made not only address the impact, but also the root cause. By strengthening the SPIP, local governments can build a prevention system that can reduce the likelihood of similar errors recurring.

Another problem identified in the study is the suboptimal follow-up of audit recommendations. Therefore, local governments need to shift their follow-up approach from simply providing supporting documents to an organizational improvement process. Strategies that can be implemented include developing a clear and measurable follow-up action plan, designating an official responsible for each recommendation, evaluating the effectiveness of improvements after the recommendation is declared complete, and documenting lessons learned from each finding to prevent recurrence.

Limited staff competency is one factor contributing to the recurrence of financial mismanagement. Therefore, local governments need to develop strategies for continuously improving human resource capacity. These include conducting regular training on regional financial management regulations, improving the competency of financial management officials through certification or technical training, developing competency standards for financial management positions, and developing a knowledge transfer system to mitigate the impact of employee transfers. This strategy is crucial because the success of internal control is determined not only by the systems in place but also by the individual's ability to implement those systems.

audit findings are also related to the organization's weak ability to retain and utilize past experience. Employee turnover means that knowledge about resolving previous findings is not always passed on to the next employee. Therefore, local governments need to develop a knowledge management system through the compilation of a database of audit findings and their follow-up, documentation of best practices for resolving findings, a learning forum between regional government agencies (OPDs), and the use of audit results as evaluation material for program planning. This strategy allows the organization to learn from experience and prevent the recurrence of similar problems.

Changes in regional financial management regulations pose a challenge for local governments in maintaining administrative compliance. Therefore, more effective regulatory adaptation mechanisms are needed. Possible strategies include providing rapid and continuous regulatory dissemination, developing easily understood internal technical guidelines, improving coordination between financial managers, the Public Accountants' Apparatus (APIP), and Regional Apparatus Organizations (OPD), and utilizing information technology to support regulatory compliance. With strong adaptability, the risk of non-compliance due to regulatory changes can be minimized.

Based on the overall research findings, strategies to reduce recurring audit findings must be implemented through an integrated approach. Repeated audit findings are not merely an administrative compliance issue but reflect weaknesses in organizational governance. Therefore, local governments need to develop systems capable of preventing errors, increasing staff capacity, and ensuring audit recommendations result in real change. Thus, the perspective of the BPK auditors from the North Sumatra Province Representative Office shows that success in reducing recurring audit findings requires governance transformation, not just administrative resolution of audit recommendations.

CONCLUSION AND SUGGESTIONS

Based on the results of the study on "Qualitative Analysis of the Causes of Recurring Findings in the Audit of Regional Government Financial Reports: The Perspective of Auditors of the BPK Representative Office of North Sumatra Province" , it can be concluded that recurring audit findings are a phenomenon that is not only caused by technical errors in regional financial management, but is the result of the interaction of various organizational factors, control systems, and individual factors.

First, weak commitment from regional management is a dominant factor causing audit findings to reappear in subsequent audit periods. The commitment of regional leaders and heads of regional agencies plays a crucial role in ensuring that audit recommendations are comprehensively followed up. Management's lack of focus on resolving root causes often results in inadequate follow-up on recommendations that result in sustainable system change.

Second, weaknesses in the Government Internal Control System (SPIP) are a major factor contributing to the organization's inability to prevent similar problems from occurring. Weaknesses in risk assessment, control activities, and monitoring indicate that the internal control function is not functioning optimally. Consequently, administrative errors and financial management weaknesses are repeated in subsequent audits.

Third, limited human resource competency contributes to recurring audit findings. Dynamic regulatory changes, limited understanding of regional financial management provisions by officials, and staff transfers mean that the process of resolving audit recommendations is not always effective. These conditions highlight the importance of strengthening the capacity of officials responsible for regional financial management.

Fourth, suboptimal and administrative follow-up of audit recommendations is a barrier to reducing recurring findings. Some local governments tend to focus on document fulfillment as proof of completion, but fail to improve the systems and procedures that are the root cause of the findings. This results in audit recommendations not fully impacting governance.

Fifth, the complexity of regional financial management regulations is an external factor that increases the risk of implementation discrepancies. Rapid regulatory changes require adequate adaptability and understanding among officials to ensure regional financial management remains in compliance with applicable regulations.

Based on the perspective of the auditors of the North Sumatra Provincial Representative of the Supreme Audit Agency (BPK), the findings of repeated audits indicate that the audit process has not been fully utilized as a means of organizational learning and continuous improvement. This research finding reinforces the Public Sector Audit theory that audit success is determined not only by the auditor's ability to identify problems but also by the entity's effectiveness in implementing audit recommendations. Furthermore, this research supports the SPIP theory that the effectiveness of internal control is a critical factor in preventing the recurrence of financial management weaknesses.

Thus, resolving the problem of recurring audit findings requires a comprehensive approach through strengthening leadership, increasing the effectiveness of SPIP, developing HR competencies, and changing the paradigm of audit follow-up from merely administrative fulfillment to efforts to improve sustainable governance.

REFERENCES

Agoes, Sukrisno. 2017. *Auditing: Petunjuk Praktis Pemeriksaan Akuntan oleh Akuntan Publik*. Jakarta: Salemba Empat.

Arens, Alvin A., Randal J. Elder, dan Mark S. Beasley. 2018. *Auditing and Assurance Services*. New Jersey: Pearson Education.

Bastian, Indra. 2019. *Audit Sektor Publik*. Jakarta: Salemba Empat.

Badan Pemeriksa Keuangan Republik Indonesia Perwakilan Provinsi Sumatera Utara. (2022). Ikhtisar Hasil Pemeriksaan Daerah.

Badan Pemeriksa Keuangan Republik Indonesia Perwakilan Provinsi Sumatera Utara. (2023). Ikhtisar Hasil Pemeriksaan Daerah.

Badan Pemeriksa Keuangan Republik Indonesia Perwakilan Provinsi Sumatera Utara. (2024). Ikhtisar Hasil Pemeriksaan Daerah.

Fauziah, Nur dan Rahmat Hidayat. 2021. "Analisis Temuan Audit Berulang pada Pemerintah Daerah." *Jurnal Administrasi Publik*, Vol. 9 No. 1.

Husni, R., Idayu, R., & Supriyatna, A. (2022). *Faktor Penyebab Temuan Berulang pada Pemeriksaan Inspektorat*.

Ikhtiari, K. (2019). *Perspektif Auditor BPKP Perwakilan Provinsi Sulawesi Selatan dalam Situasi Konflik Audit*. Jurnal Ilmiah Akuntansi Peradaban, 5(1)

Lambo, Y., & Ritonga, I. T. (2023). *Analisis Faktor-Faktor Penyebab Temuan Berulang: Studi pada Pemerintah Kabupaten Manggarai Provinsi Nusa Tenggara Timur*.

Mahmudi. 2016. *Analisis Laporan Keuangan Pemerintah Daerah*. Yogyakarta: UPP STIM YKPN.

Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative Data Analysis*. Sage Publications.

Mulyadi (2017). *Auditing* (Edisi 6). Jakarta: Salemba Empat.

Moleong, Lexy J. 2019. *Metodologi Penelitian Kualitatif*. Bandung: PT Remaja Rosdakarya.

Nunu, I., Sondakh, J., & Pontoh, W. (2017). Faktor-Faktor Penyebab Terjadinya Temuan Berulang Atas Pemeriksaan Oleh Inspektorat Kota Gorontalo. JURNAL RISET AKUNTANSI…. https://ejournal.unsrat.ac.id/index.php/goodwill/article/view/15307

Pratama, Rizky. 2021. "Pengaruh Tindak Lanjut Rekomendasi BPK terhadap Kualitas Laporan Keuangan Pemerintah Daerah." *Jurnal Keuangan Negara dan Kebijakan Publik*, Vol. 6 No. 1, hlm. 45–59.

Pratama, Dedi. 2019. "Faktor-Faktor Penyebab Temuan Berulang dalam Audit Pemerintah." *Jurnal Riset Akuntansi dan Keuangan*, Vol. 7 No. 3.

Republik Indonesia. 2003. *Undang-Undang Nomor 17 Tahun 2003 tentang Keuangan Negara*.

Republik Indonesia. 2004. *Undang-Undang Nomor 1 Tahun 2004 tentang Perbendaharaan Negara*.

Republik Indonesia. 2004. *Undang-Undang Nomor 15 Tahun 2004 tentang Pemeriksaan Pengelolaan dan Tanggung Jawab Keuangan Negara*.

Republik Indonesia. 2006. *Undang-Undang Nomor 15 Tahun 2006 tentang Badan Pemeriksa Keuangan*.

Republik Indonesia. 2008. *Peraturan Pemerintah Nomor 60 Tahun 2008 tentang Sistem Pengendalian Internal Pemerintah*.

Siregar, Rizki dan Ahmad Syafii. 2022. "Efektivitas Tindak Lanjut Hasil Pemeriksaan BPK pada Pemerintah Daerah." *Jurnal Akuntansi dan Kebijakan Publik*, Vol. 10 No. 1.

Sugiyono. 2020. *Metode Penelitian Kualitatif*. Bandung: Alfabeta.

Suryo, Andika. 2020. "Analisis Faktor Penyebab Temuan Audit Berulang pada Pemerintah Daerah." *Jurnal Akuntansi dan Audit Sektor Publik*, Vol. 8 No. 2, hlm. 115–128.

Tugiman, Hiro. 2016. *Standar Profesional Audit Internal*. Yogyakarta: Kanisius.

Wulandari, Fitri. 2021. "Pengaruh Sistem Pengendalian Internal terhadap Temuan Audit Pemerintah Daerah." *Jurnal Ilmu Akuntansi*, Vol. 14 No. 2.

Waspada.id. (2025). *ARS: Temuan Berulang BPK RI Harus Jadi Evaluasi Serius bagi Pemprovsu*. Diakses dari Waspada.id