

RECONCILING REGIONAL TAX REVENUE RECORDS: EVIDENCE FROM FINANCIAL REPORTING DISCREPANCIES BETWEEN REGIONAL GOVERNMENT AGENCIES IN BOGOR REGENCY, INDONESIA

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Abstract

Accurate reconciliation of regional tax revenue is essential for ensuring the reliability, transparency, and accountability of local government financial reporting. However, recurring discrepancies in revenue records between Regional Government Work Units (SKPD) and Regional Financial Management Officers (PPKD) continue to undermine the quality of Local Government Financial Statements (LKPD) in Indonesia. Although previous studies have examined regional revenue management, limited research has integrated revenue recording practices, reconciliation procedures, and audit findings within a single case study. This study aims to identify the sources of regional tax revenue recording discrepancies between the Regional Revenue Agency (Bapenda) and PPKD of the Bogor Regency Government, analyze the institutional and technical factors contributing to these inconsistencies, and evaluate their implications for financial reporting quality. A descriptive qualitative approach was employed using documentary analysis of secondary data, including the 2022 Budget Realization Reports, regional tax revenue ledgers, reconciliation documents, Standard Operating Procedures, regional regulations, and audit reports. Data were analyzed through document comparison, data reduction, data display, and conclusion drawing based on the qualitative analytical framework of Miles, Huberman, and Saldaña. The findings reveal that discrepancies were primarily caused by inconsistent account coding, incomplete integration of financial information systems, differences in revenue recognition timing, reliance on manual data processing, and weaknesses in internal control. These issues reduced the reliability of the Budget Realization Report and Notes to the Financial Statements, increased audit risks, and potentially distorted fiscal planning. This study contributes to the public sector accounting literature by demonstrating that sustainable improvements in regional financial reporting require integrated financial information systems, strengthened internal controls, standardized reconciliation procedures, and enhanced inter-agency coordination to improve transparency, accountability, and public financial governance.

Keywords: Financial reporting quality; Internal control; Public financial management; Regional revenue reconciliation; Revenue information systems.



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INTRODUCTION

The management of regional revenue constitutes one of the fundamental pillars of transparent, accountable, and effective local governance. Since the implementation of fiscal decentralization through Law No. 23 of 2014 on Regional Government, local governments in Indonesia have been granted broad authority to generate, manage, and account for their own sources of revenue. This fiscal decentralization policy aims to strengthen regional fiscal independence, reduce dependence on the central government, and improve the quality of public service delivery (Mahmudi, 2021). Within this context, regional revenue management extends beyond a purely administrative function and serves as a strategic instrument for achieving good governance and sustainable regional development.

Regional tax revenue plays a particularly important role as one of the primary sources of financing for local government operations and development programs. In addition to functioning as a fiscal instrument, regional taxes also reflect the capacity of local governments to manage regional economic potential effectively and sustainably (Halim & Kusufi, 2020). Consequently, the accuracy of recording, controlling, and reporting regional tax revenue is essential for ensuring the quality of the Local Government Financial Statements (Laporan Keuangan Pemerintah Daerah—LKPD). High-quality financial statements enhance public accountability and provide reliable information for stakeholders and policymakers. Nevertheless, the expansion of fiscal authority has not always been accompanied by improvements in financial governance. The Audit Board of the Republic of Indonesia (BPK) has consistently reported deficiencies in regional revenue management through its Semester Audit Summary Reports (Ikhtisar Hasil Pemeriksaan Semester—IHPS), including discrepancies in revenue recording among government entities, account classification errors, weaknesses in internal control systems, and inconsistencies in the reconciliation process between Regional Government Work Units (SKPD) and Regional Financial Management Officers (PPKD) (BPK RI, 2023). These recurring findings indicate that weaknesses in regional revenue management remain structural and systemic rather than isolated administrative issues.

The persistence of these discrepancies demonstrates a significant gap between the normative objectives of fiscal decentralization and its practical implementation. Although regulations comprehensively prescribe procedures for regional financial management, including mandatory reconciliation of revenue records between SKPD and PPKD, practical implementation has not consistently achieved the intended level of integration and accuracy. As a result, regional revenue information presented in the LKPD may fail to fully represent the actual financial condition of local governments.

From a regulatory perspective, Indonesia has established a comprehensive framework governing regional government accounting through the Government Accounting Standards (Standar Akuntansi Pemerintahan—SAP) based on the accrual accounting principle and supporting regulations on regional financial management. SAP

emphasizes that government financial information should possess the qualitative characteristics of relevance, reliability, comparability, and understandability. Achieving these characteristics requires consistent and integrated revenue recording between SKPD, as the operational revenue-generating entities, and PPKD, as the entity responsible for preparing and presenting the LKPD (Ramadhani & Putra, 2021). Accordingly, revenue reconciliation serves as a critical mechanism for ensuring the completeness, consistency, and reliability of regional financial reporting. However, previous studies suggest that the relationship between SKPD and PPKD often remains administrative rather than fully integrated, with reconciliation procedures frequently conducted merely to satisfy regulatory requirements instead of identifying and resolving the underlying causes of recording discrepancies (Mahardika, 2020).

Empirical evidence indicates that discrepancies in revenue recording between SKPD and PPKD are relatively common across Indonesian local governments. Adi and Lestari (2020) reported that such discrepancies are primarily attributable to differences in revenue recognition timing, account classification errors, and weak interdepartmental coordination. In addition, limited human resource competencies and heavy reliance on manual data entry increase the likelihood of recording errors and delay the reconciliation process. These findings suggest that technical weaknesses in accounting procedures remain a significant challenge for public sector financial management.

The rapid development of digital government initiatives has encouraged local governments to adopt integrated information systems, including e-tax, e-retribution, and real-time financial reporting systems, with the expectation of improving transparency, efficiency, and accuracy in regional revenue management (Sari & Nugroho, 2020). Theoretically, integrated information systems should reduce recording discrepancies and facilitate timely reconciliation among government entities. Nevertheless, empirical studies demonstrate that technological adoption alone has not eliminated inconsistencies in revenue recording. Priatna (2022) found that discrepancies between SKPD and PPKD continue to occur despite the use of computerized financial systems because of incomplete system integration, differences in account coding structures, and continued dependence on manual data entry. These findings indicate that the effectiveness of digital financial management systems depends not only on technological infrastructure but also on the strength of internal controls and the competence of human resources.

The issue of revenue recording discrepancies becomes even more critical when viewed in relation to audit findings. The case of Bogor Regency Government in 2022 illustrates how weaknesses in revenue reconciliation directly affected the reliability of the LKPD, as significant unexplained differences were identified in the recording of regional tax revenue (BPK RI, 2023). Furthermore, the Bogor Regency case was accompanied by allegations of bribery involving government officials and auditors, suggesting that deficiencies in revenue recording and internal control systems may create opportunities for unethical practices and fraudulent activities (Wulandari, 2021). Consequently,

discrepancies in revenue recording should not be regarded merely as technical accounting issues but rather as indicators of broader weaknesses in public financial governance.

From an international perspective, strengthening public revenue management has become a central element of public financial management reform. The Organisation for Economic Co-operation and Development (OECD) emphasizes the importance of accrual-based accounting, integrated government financial information systems, and effective audit functions to minimize revenue leakage and fraud risks (OECD, 2020). Experiences from countries such as South Korea and Estonia demonstrate that integrated financial information systems across government entities significantly improve the reliability of public sector financial reporting. These international experiences suggest that Indonesia continues to face structural challenges in integrating regional revenue management systems, particularly regarding coordination between SKPD and PPKD. Such challenges extend beyond technical issues to include institutional arrangements, organizational culture, and human resource capacity.

Despite extensive research on regional financial management, a clear research gap remains. Nugroho (2021) highlighted weaknesses in information system integration among regional government entities but did not explicitly examine their relationship with BPK audit findings or their implications for audit opinions. Similarly, Lestari (2020) emphasized the strategic role of PPKD in consolidating regional revenue but did not investigate the dynamics of recording discrepancies within an actual government case. Consequently, empirical studies integrating revenue recording practices, reconciliation processes, and audit findings within a single analytical framework remain limited.

Based on these empirical issues, audit findings, and gaps in the existing literature, this study investigates the discrepancy in regional tax revenue recording between SKPD and PPKD through a case study of the Bogor Regency Government in 2022. Specifically, the study aims to identify the sources of revenue recording discrepancies, analyze the institutional and technical factors contributing to these inconsistencies, and evaluate their implications for the quality of the Local Government Financial Statements (LKPD) and potential fraud risks. Employing a qualitative descriptive approach based on document analysis, this research is expected to provide a comprehensive understanding of regional revenue management challenges. The findings are anticipated to contribute theoretically to the public sector accounting literature concerning revenue reconciliation, financial reporting quality, and public financial governance, while also offering practical recommendations for strengthening internal control systems, integrating government financial information systems, and improving transparency and accountability in regional financial management (Mahmudi, 2021; Pemerintah Kabupaten Bogor, 2023).

LITERATURE REVIEW

Regional Revenue Management and Public Sector Financial Accountability

Regional revenue management constitutes a fundamental component of public financial management and plays a strategic role in supporting fiscal decentralization.

Since the implementation of fiscal decentralization in Indonesia, local governments have been granted greater authority to generate, administer, and account for regional revenues in accordance with the principles of transparency and accountability (Mahmudi, 2021). Regional tax revenue, as one of the principal sources of locally generated revenue, provides financial resources for public services and regional development while reflecting the fiscal capacity of local governments (Halim & Kusufi, 2020).

Within the framework of the Government Accounting Standards (Standar Akuntansi Pemerintahan—SAP), regional financial reporting should provide information that is relevant, reliable, comparable, and understandable. Consequently, accurate recognition, recording, and reporting of regional revenue are essential prerequisites for producing high-quality Local Government Financial Statements (Laporan Keuangan Pemerintah Daerah—LKPD). Reliable financial reporting not only supports managerial decision-making but also strengthens public accountability and enhances stakeholders' confidence in government financial management (Ramadhani & Putra, 2021).

Revenue Reconciliation between SKPD and PPKD

Revenue reconciliation represents one of the most important control mechanisms within local government financial management. Conceptually, Regional Government Work Units (SKPD) and Regional Financial Management Officers (PPKD) perform complementary roles in managing regional revenue. SKPD is responsible for collecting and recording revenue transactions, whereas PPKD consolidates financial information and prepares the Local Government Financial Statements (Mahardika, 2020).

Effective reconciliation ensures that revenue information recorded by operational units is consistent with the consolidated financial statements. The reconciliation process therefore serves not merely as an administrative requirement but also as an internal control mechanism for identifying recording errors, account classification inconsistencies, timing differences, and other discrepancies that may affect financial reporting quality (Ramadhani & Putra, 2021). However, previous studies indicate that reconciliation is frequently conducted only to satisfy regulatory requirements, with insufficient analysis of the underlying causes of recording differences (Mahardika, 2020). Consequently, recurring discrepancies may remain unresolved and continue to affect the reliability of regional financial statements.

Internal Control and Integrated Financial Information Systems

Effective regional revenue management requires not only appropriate accounting procedures but also strong internal control systems supported by integrated financial information systems. Internal controls are designed to ensure the accuracy, completeness, and reliability of financial information while minimizing the risks of error and fraud.

The adoption of digital government systems, including e-tax, e-retribution, and integrated financial reporting systems, has been promoted to improve transparency and efficiency in regional revenue administration (Sari & Nugroho, 2020). Theoretically, integrated information systems facilitate real-time data exchange between SKPD and PPKD, thereby reducing reconciliation differences and improving reporting accuracy.

Nevertheless, empirical evidence suggests that technological implementation alone is insufficient to eliminate recording discrepancies. Priatna (2022) reported that inconsistencies between SKPD and PPKD continue to occur because financial information systems remain only partially integrated, account coding structures differ across entities, and manual data entry remains prevalent. These findings indicate that the effectiveness of financial information systems depends substantially on the quality of internal controls, standardized operating procedures, and the competence of human resources. Furthermore, the Organisation for Economic Co-operation and Development (OECD) emphasizes that integrated financial management information systems, accrual-based accounting, and effective audit functions constitute essential components of sound public financial governance capable of reducing revenue leakage and fraud risks (OECD, 2020).

Previous Studies and Research Gap

Previous studies have consistently identified discrepancies in regional revenue recording as a persistent challenge in Indonesian public sector financial management. Adi and Lestari (2020) found that differences in revenue recognition timing, account classification errors, and inadequate coordination among government units were the principal causes of inconsistencies between SKPD and PPKD. Similar findings were reported by Priatna (2022), who concluded that incomplete system integration and continued reliance on manual recording significantly increase reconciliation errors despite the implementation of digital financial systems.

Several studies have also highlighted institutional factors affecting regional financial reporting. Mahardika (2020) argued that revenue reconciliation is frequently performed merely as a formal administrative process without adequately investigating the underlying causes of discrepancies. Likewise, Nugroho (2021) emphasized weaknesses in information system integration among regional government agencies but did not examine how these weaknesses influence audit findings or financial reporting quality. Lestari (2020) discussed the strategic role of PPKD in consolidating regional financial information; however, the study did not analyze the dynamics of reconciliation discrepancies within an actual government case.

Audit findings issued by the Audit Board of the Republic of Indonesia (BPK RI, 2023) further demonstrate that weaknesses in regional revenue management remain widespread, including inconsistencies in revenue recording, account classification errors, deficiencies in internal control systems, and ineffective reconciliation procedures. These findings indicate that recording discrepancies extend beyond technical accounting issues and reflect broader governance challenges within local governments.

Although previous studies have investigated technical aspects of revenue reconciliation, internal control, and financial information systems, relatively limited research has integrated these dimensions within a comprehensive case study linked to official audit findings. Existing studies generally examine reconciliation procedures, information system implementation, or internal control separately, with limited attention

to how these factors collectively affect the quality of the Local Government Financial Statements (LKPD) and increase fraud risk. Consequently, this study addresses this gap by investigating the discrepancy in regional tax revenue recording between SKPD and PPKD in the Bogor Regency Government (2022) through an integrated analysis of revenue recording practices, reconciliation procedures, institutional factors, and BPK audit findings. This comprehensive perspective is expected to contribute both to the public sector accounting literature and to the development of more effective regional financial governance practices.

RESEARCH METHOD

This study employed a descriptive qualitative approach to investigate discrepancies in the reconciliation of regional tax revenue records between the Regional Revenue Agency (Bapenda) as the Regional Government Work Unit (SKPD) and the Regional Financial Management Officer (PPKD) of the Bogor Regency Government for the 2022 fiscal year. A qualitative approach was considered appropriate because it enables an in-depth understanding of organizational processes and institutional practices through document analysis rather than quantitative measurement or statistical testing. This approach emphasizes the interpretation of contextual factors, workflow, and institutional dynamics underlying regional revenue management. As noted by Creswell and Poth (2021), descriptive qualitative research is particularly suitable for examining how organizational processes operate and why specific issues arise in public sector practice. Accordingly, this approach provides an appropriate framework for comprehensively examining discrepancies in regional tax revenue reconciliation.

The research adopted a descriptive case study design, focusing on the reconciliation process, accounting procedures, and sources of discrepancies in regional tax revenue recording. The analysis specifically examined the recognition, classification, recording, and reporting of regional tax revenue performed by Bapenda, as the revenue-collecting entity, and PPKD, as the entity responsible for consolidating and presenting the Local Government Financial Statements (LKPD). The descriptive design enabled the researcher to systematically describe existing conditions based on documentary evidence without manipulating research variables. Because the study relied exclusively on documentary evidence, no interviews or primary data collection were conducted. This design is consistent with the characteristics of qualitative research, which emphasize the exploration of organizational processes and institutional contexts through systematic document analysis (Miles, Huberman, & Saldaña, 2020).

The study utilized secondary data obtained from official government documents related to regional financial management. The primary sources included: (1) the 2022 Budget Realization Report (Laporan Realisasi Anggaran—LRA) of Bapenda; (2) the 2022 Budget Realization Report of PPKD; (3) the regional tax revenue general ledger; (4) monthly and semiannual reconciliation reports between Bapenda and PPKD; (5) Regent Regulations, Standard Operating Procedures (SOPs) for revenue reconciliation,

and regulations governing regional revenue management; and (6) supporting documents, including internal and external audit records where available. The use of secondary documentary evidence is consistent with qualitative descriptive research that relies primarily on document analysis to examine organizational processes and institutional practices (Bowen, 2009).

Data were collected using the documentary research method, which involved reviewing, identifying, classifying, and organizing information contained in official regional revenue management documents. Documentary analysis was selected because it enables researchers to obtain a comprehensive understanding of accounting structures, reconciliation procedures, and potential sources of recording discrepancies without direct interaction with research participants. Furthermore, this technique facilitates the evaluation of data consistency and compliance with established administrative procedures. Documentary research has been widely recognized as an effective method for public sector studies focusing on institutional systems, governance processes, and administrative practices (Bowen, 2009; Nowell et al., 2021).

The data were analyzed using the qualitative analytical framework proposed by Miles, Huberman, and Saldaña (2020), which consists of data reduction, data display, and conclusion drawing. During the data reduction stage, information related to regional tax revenue amounts, reconciliation procedures, and discrepancies between Bapenda and PPKD was selected, organized, and summarized. Revenue records from both entities were systematically compared to identify differences in recorded values, timing of revenue recognition, and account classifications. The data display stage involved presenting the findings in comparative tables, narrative descriptions, and process flow explanations to facilitate the identification of discrepancy sources and reconciliation issues. Finally, conclusion drawing and verification were conducted by interpreting the documentary findings within the theoretical framework of regional revenue management, financial reconciliation, and public sector financial accountability, as discussed by Mahmudi (2021) and reflected in the audit findings of BPK RI (2023). To enhance the credibility of the findings, cross-document verification was performed by comparing multiple official documents and examining the consistency of financial information across different sources.

Overall, this analytical approach is appropriate for examining discrepancies in regional tax revenue reconciliation because it emphasizes the accuracy of accounting records, the consistency of financial information systems, and compliance with applicable administrative procedures. By integrating documentary evidence with public sector accounting concepts, the study provides a comprehensive assessment of the institutional factors affecting the reliability of regional financial reporting.

RESULTS AND DISCUSSION

Discrepancies in Regional Tax Revenue Records between Bapenda and PPKD

The analysis of official documents and supporting financial records revealed discrepancies between the regional tax revenue records maintained by the Regional Revenue Agency (Bapenda) and those reported in the financial management system of the Regional Financial Management Officer (PPKD) for the 2022 fiscal year. These discrepancies directly affected the accuracy and reliability of the Local Government Financial Statements (Laporan Keuangan Pemerintah Daerah—LKPD), particularly the Budget Realization Report (Laporan Realisasi Anggaran—LRA) and the Notes to the Financial Statements (Catatan atas Laporan Keuangan—CaLK) (BPK, 2023). This finding reinforces the recurring issue frequently identified by the Audit Board of the Republic of Indonesia (BPK), namely that inconsistencies in financial data among government units remain a persistent challenge in regional revenue management.

The most significant discrepancies were identified in regional tax categories characterized by high transaction volumes and complex collection mechanisms, particularly the Rural and Urban Land and Building Tax (Pajak Bumi dan Bangunan Perdesaan dan Perkotaan—PBB-P2) and the Duty on the Acquisition of Land and Building Rights (Bea Perolehan Hak atas Tanah dan Bangunan—BPHTB). The large number of transactions and the involvement of multiple stakeholders throughout the collection process substantially increased the risk of recording inconsistencies when not supported by an effective reconciliation system (Mahardika, 2020). These findings indicate that greater tax complexity requires stronger accounting controls, more effective reconciliation procedures, and closer coordination among responsible government agencies.

According to the Bogor Regency Government Financial Statements for Fiscal Year 2022, revenue from the Rural and Urban Land and Building Tax (PBB-P2) reached IDR 596,740,655,104, representing approximately 103.30% of the established revenue target. This achievement was primarily attributable to three factors. First, the local government implemented a tax relief program consisting of principal tax reductions and administrative penalty waivers for outstanding PBB-P2 receivables, covering 1,348,876 Tax Due Notification Letters (SPPT) classified within Books 1 through 5. Second, adjustments to the Taxable Sales Value (Nilai Jual Objek Pajak—NJOP) were made through individual property assessments. Third, the Regional Revenue Agency conducted mobile tax service activities in regional tax service offices to facilitate taxpayer compliance and improve tax collection.

In addition to these administrative factors, discrepancies in recorded revenue were also influenced by differences in taxpayers' payment timing and variations in the accounting basis adopted by each organizational unit. Bapenda recorded certain revenues based on administrative realization or assessed tax potential, whereas PPKD recognized revenue only after cash receipts had been received. These differences reflect

inconsistencies in the timing of revenue recognition that have not yet been fully harmonized among the relevant government entities (Sari & Nugroho, 2019).

Factors Contributing to Revenue Reconciliation Discrepancies

The analysis of reconciliation documents indicates that one of the principal causes of revenue discrepancies was the inconsistent application of revenue account codes between Bapenda and PPKD. Although both entities managed the same revenue sources, differences in account classification prevented financial data from being automatically consolidated within the regional financial management system. Consequently, extensive manual adjustments were required during the reconciliation process, increasing the likelihood of recording errors and reducing reconciliation efficiency (Adi & Lestari, 2020). These findings suggest that standardized account classification has not yet been consistently implemented across regional government institutions.

Another important contributing factor was the incomplete integration between the regional tax management application operated by Bapenda and the regional financial information system managed by PPKD. As a result, the reconciliation process remained highly dependent on manual data entry and the comparison of physical documentation rather than automated data synchronization. This condition substantially increased the risks of recording errors, delayed discrepancy resolution, and inconsistencies in financial reporting (Priatna, 2022). The findings demonstrate that although digitalization initiatives have been introduced, technological development has not yet been accompanied by comprehensive system integration.

Beyond technical issues, weaknesses in the internal control system also contributed significantly to recurring reconciliation discrepancies. Insufficient review and verification of tax payment documentation, combined with inconsistent implementation of the Standard Operating Procedures (SOPs) governing revenue reconciliation, prevented discrepancies from being identified and resolved in a timely manner (Mahmud, 2021). These findings indicate that reconciliation problems are attributable not only to system limitations but also to organizational behavior, procedural compliance, and institutional governance.

Implications of Revenue Recording Discrepancies for the Local Government Financial Statements

The immediate consequence of revenue recording discrepancies was a reduction in the reliability of the Budget Realization Report (LRA) and the Notes to the Financial Statements (CaLK) of the Bogor Regency Government for Fiscal Year 2022 (BPK, 2023). Revenue differences that remained unresolved during the reconciliation process increased the risk of material misstatements, thereby affecting the credibility and fairness of the financial statements presented to stakeholders and external auditors.

In addition to compromising financial reporting quality, unresolved discrepancies also increased the likelihood of audit findings and could potentially influence the audit opinion if sufficient reconciliation evidence was unavailable (Wulandari, 2021). This finding supports the view that effective revenue reconciliation constitutes one of the key

determinants of high-quality Local Government Financial Statements (LKPD). Reliable reconciliation procedures therefore play a critical role in strengthening transparency, accountability, and public confidence in regional financial management.

Furthermore, discrepancies in regional tax revenue records have broader implications for fiscal planning and budgeting. Inaccurately reported Locally Generated Revenue (Pendapatan Asli Daerah—PAD) may distort the fiscal assumptions used in preparing subsequent annual budgets, resulting in unrealistic revenue projections and inefficient allocation of public resources. Such inaccuracies may ultimately undermine regional development planning and reduce the effectiveness of public financial management (Ramadhani & Putra, 2021).

Overall, the findings demonstrate that discrepancies in regional tax revenue reconciliation extend beyond technical accounting issues. Rather, they reflect broader institutional challenges related to information system integration, internal control effectiveness, procedural consistency, and inter-agency coordination. Strengthening these dimensions is therefore essential for improving the quality, reliability, and transparency of local government financial reporting.

Fragmented Financial Information Systems as the Primary Source of Revenue Recording Discrepancies

The findings of this study demonstrate that the fragmented recording system between the Regional Revenue Agency (Bapenda) and the Regional Financial Management Officer (PPKD) constitutes the primary source of discrepancies in regional tax revenue records. Although both institutions manage identical revenue sources, differences in information system architecture, account coding structures, reporting formats, and data processing mechanisms prevent the automatic consolidation of financial information. Consequently, the reconciliation process continues to rely heavily on manual adjustments, thereby increasing the probability of recording errors and reducing the efficiency and reliability of financial reporting.

These findings are consistent with the theoretical perspective presented in the literature review, which emphasizes that integrated financial information systems are fundamental prerequisites for producing reliable and transparent public financial reports. Government Accounting Standards (SAP) require consistency in revenue recognition and reporting across government entities to ensure that financial information possesses the qualitative characteristics of relevance, reliability, comparability, and understandability (Ramadhani & Putra, 2021). Likewise, Adi and Lestari (2020) argue that fragmented regional financial information systems constitute one of the principal causes of revenue recording discrepancies because incompatible account structures and reporting systems hinder effective reconciliation.

The present findings further support Priatna (2022), who reported that the implementation of computerized financial systems alone is insufficient to eliminate inconsistencies in regional revenue reporting when government agencies continue to operate partially integrated applications. Similarly, Sari and Nugroho (2020) emphasize

that digital transformation can improve financial transparency only when supported by interoperable information systems capable of exchanging financial data in real time. Therefore, this study confirms that technological modernization should prioritize system interoperability and standardized account structures rather than merely replacing manual administrative procedures with digital applications.

Weak Internal Control and Inconsistent Reconciliation Procedures

In addition to technological fragmentation, this study identifies weaknesses in the internal control system as another major contributor to recurring discrepancies in regional tax revenue reconciliation. Documentary evidence indicates that verification procedures, supervisory reviews, and validation of tax payment documentation have not been implemented consistently, causing discrepancies to remain undetected until the end of the fiscal year. As a result, internal control has functioned primarily as a corrective mechanism rather than as an effective preventive system capable of identifying recording errors at an early stage.

This finding is consistent with Mahmudi (2021), who argues that effective internal control is indispensable for ensuring the reliability of public sector financial information. Furthermore, the inconsistent implementation of the Standard Operating Procedures (SOPs) governing monthly reconciliation demonstrates that procedural compliance has not yet become an integral component of institutional governance. According to Rahman et al. (2022), periodic reconciliation should function as the principal internal control mechanism for detecting and correcting recording discrepancies before they materially affect year-end financial statements.

The results also corroborate the recurring audit findings reported by the Audit Board of the Republic of Indonesia (BPK RI, 2023), which consistently identifies weaknesses in internal control systems as one of the most significant deficiencies in regional revenue management. This consistency between documentary evidence and national audit reports suggests that reconciliation problems are not isolated accounting issues but rather reflect systemic weaknesses in institutional governance. Consequently, strengthening internal control systems and ensuring strict compliance with reconciliation procedures are essential for improving the accuracy and credibility of regional financial reporting.

Implications for Local Government Financial Accountability

The discrepancies identified in this study have implications that extend well beyond technical accounting matters and directly affect public sector accountability. Inconsistent revenue records between Bapenda and PPKD reduce the reliability of both the Budget Realization Report (LRA) and the Notes to the Financial Statements (CaLK), thereby weakening the overall quality of the Local Government Financial Statements (LKPD). Since financial statements constitute the principal instrument for public accountability, inaccurate revenue information diminishes the credibility of financial reports used by policymakers, auditors, and the public.

These findings are aligned with the governance framework proposed by the Organisation for Economic Co-operation and Development (OECD, 2020), which emphasizes that transparent public financial management requires integrated financial information systems, effective internal controls, and reliable auditing mechanisms. From this perspective, revenue reconciliation should not merely satisfy administrative requirements but should serve as a strategic governance mechanism capable of safeguarding transparency, accountability, and fiscal integrity.

Within the context of the Bogor Regency Government, these implications become particularly significant because previous audit findings have documented persistent weaknesses in revenue recording and reconciliation (BPK RI, 2023). Combined with previous concerns regarding integrity issues in regional financial audits (Wulandari, 2021), unresolved discrepancies may create opportunities for fraud, financial misstatement, and other unethical practices. Consequently, revenue reconciliation should be viewed as an integral component of public financial governance rather than solely as a technical accounting procedure.

Furthermore, inaccurate regional revenue information adversely affects fiscal planning and budgeting. Because Locally Generated Revenue (PAD) serves as the basis for annual budget formulation, discrepancies in revenue recognition may result in unrealistic revenue projections, inefficient allocation of public resources, and less effective regional development planning. This finding reinforces the argument of Ramadhani and Putra (2021), who emphasize that reliable revenue information is fundamental for maintaining fiscal sustainability and improving the quality of local government decision-making.

Practical Implications and Policy Recommendations

Based on the findings, several practical recommendations can be proposed to strengthen regional financial governance. First, local governments should establish fully integrated financial information systems linking Bapenda's tax administration platform with PPKD's financial management system. Such integration would reduce dependence on manual reconciliation, minimize recording discrepancies, and enable real-time synchronization of financial data. Standardized account coding structures and interoperable databases should become mandatory components of regional financial information systems, as recommended by Adi and Lestari (2020).

Second, regional governments should strengthen the implementation of Standard Operating Procedures (SOPs) governing revenue reconciliation. Rather than conducting reconciliation solely at the end of the fiscal year, reconciliation should be implemented on a daily, monthly, quarterly, and annual basis to identify discrepancies before they accumulate into material financial reporting errors. This recommendation is consistent with Mahardika (2020), who argues that continuous reconciliation significantly improves the accuracy and reliability of regional financial statements.

Third, improving human resource competency remains essential for enhancing the effectiveness of revenue reconciliation. Continuous professional development programs

covering Government Accounting Standards (SAP), integrated financial information systems, revenue recognition principles, and reconciliation techniques should be provided to personnel in both Bapenda and PPKD. As suggested by Priatna (2022), strengthening technical competencies, combined with improved institutional commitment and ethical awareness, will contribute substantially to higher-quality financial reporting and stronger public financial accountability.

Overall, this study confirms that discrepancies in regional tax revenue reconciliation arise from the interaction of technological, procedural, and institutional factors rather than from isolated accounting errors. These findings extend previous studies by demonstrating that sustainable improvements in regional financial reporting require simultaneous reforms in financial information system integration, internal control effectiveness, procedural compliance, inter-agency coordination, and human resource capacity. Strengthening these dimensions will enhance the reliability of the Local Government Financial Statements (LKPD), improve fiscal transparency, reinforce public accountability, and support better governance within Indonesian local governments.

CONCLUSION

This study investigated the discrepancies in regional tax revenue reconciliation between the Regional Revenue Agency (Bapenda) and the Regional Financial Management Officer (PPKD) of the Bogor Regency Government during the 2022 fiscal year. The findings demonstrate that discrepancies in revenue recording were primarily caused by inconsistent account coding, incomplete integration between the regional tax administration system and the regional financial management information system, and weaknesses in internal control mechanisms governing the reconciliation process. In addition, differences in the timing of revenue recognition and continued dependence on manual data processing further increased the likelihood of recording inconsistencies and delayed the resolution of reconciliation differences. These findings indicate that the identified discrepancies were not isolated technical accounting errors but reflected broader institutional and governance challenges in regional financial management.

The study further reveals that these reconciliation discrepancies significantly affected the quality of the Local Government Financial Statements (LKPD), particularly the reliability of the Budget Realization Report (LRA) and the Notes to the Financial Statements (CaLK). Unresolved discrepancies increased the risk of material misstatements, weakened financial transparency and accountability, and potentially influenced audit findings and audit opinions. Moreover, inaccurate regional revenue information may distort fiscal planning, reduce the effectiveness of budgeting, and ultimately undermine the quality of public financial management. These findings reinforce the importance of integrated financial information systems, effective internal controls, standardized reconciliation procedures, and strong inter-agency coordination as essential elements of sound public financial governance.

From a practical perspective, this study contributes to the public sector accounting literature by demonstrating that improving the reliability of regional financial reporting requires comprehensive institutional reforms rather than isolated technological improvements. The findings suggest that local governments should prioritize full integration between Bapenda and PPKD information systems, strengthen the implementation of reconciliation Standard Operating Procedures (SOPs), enhance internal control systems, and continuously improve the competencies of financial management personnel. Implementing these measures is expected to improve the accuracy, transparency, accountability, and credibility of regional financial reporting while supporting better fiscal governance and public trust.

Suggestions for Future Research

This study provides several directions for future research.

First, future studies should employ mixed-methods or quantitative approaches involving primary data collected through interviews, surveys, or observations with financial officers from Bapenda, PPKD, inspectorates, and external auditors. Such approaches would provide deeper insights into behavioral, organizational, and managerial factors influencing revenue reconciliation beyond documentary evidence.

Second, comparative studies involving multiple local governments are recommended to determine whether the factors identified in this research are unique to Bogor Regency or represent broader structural challenges within Indonesia's regional financial management system. Cross-regional comparisons would enhance the generalizability of the findings and facilitate the development of national policy recommendations.

Third, future research should evaluate the effectiveness of integrated financial management information systems, including e-tax, e-budgeting, and other digital government platforms, in reducing reconciliation discrepancies and improving the quality of Local Government Financial Statements (LKPD). Such studies could assess the extent to which technological integration contributes to greater transparency, efficiency, and financial accountability.

Finally, further research may investigate the relationship between revenue reconciliation quality, internal control effectiveness, audit opinions, and fraud risk using longitudinal data. Examining these relationships would provide a more comprehensive understanding of how improvements in reconciliation practices contribute to stronger public financial governance and sustainable regional fiscal management.

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