

## Village Fund Corruption Reflects Weak Integrity of State Apparatus

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### Abstract

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This study examines transparency challenges and corrupt practices in village fund management in Madiun Regency. Issues discussed include the culture of patronage, regulatory deficiencies, and the low capacity of village officials, all contributing to corruption. Using a qualitative descriptive approach, data were collected through stakeholder interviews and document analysis. The study's findings indicate that misuse of village funds has resulted in significant losses to the state and undermined public trust. The cases in Sukosari and Gemarang demonstrate a pattern of systemic corruption through budget inflation and unrealistic procurement. The findings underscore the need for integrated reforms strengthening oversight mechanisms, enhancing village official capacity, and fostering community participation to achieve transparent and accountable village governance in village fund management, in order to create a transparent and accountable village government.

### 1. Introduction

National development in Indonesia has made villages one of the main pillars in realizing equitable community welfare.<sup>1</sup> This is articulated in Law No. 6/2014 on Villages, which affirms, which affirms that villages have the authority to manage and regulate the interests of local communities based on community initiatives, ancestral rights, and/or traditional rights recognized and respected within the government system of the Unitary State of the Republic of Indonesia.<sup>2</sup> One concrete manifestation of government support for village development is through the disbursement of village funds sourced from the State Revenue and Expenditure Budget (APBN), in accordance with what is regulated in Government Regulation Number 60 of 2014 concerning Village Funds. These funds are intended to function as strategic tools to accelerate economic growth, improve the quality of life, and reduce disparities between regions in Indonesia.<sup>3</sup>

Ideally, village fund management should be conducted in a transparent, accountable, and participatory manner, thereby fostering good village governance. Transparency in village fund management is a key prerequisite for preventing abuse of authority and corruption,

<sup>1</sup> B Pahala J Sitanggang, 'Peran Aktif Rakyat Dan Negara Dalam Kesejahteraan Sosial Terhadap Tantangan Pembangunan Nasional', *Jurnal Deliberatif* 1, no. 2 (2024): 107-24. <https://ejournal.gardapoli.or.id/index.php/deliberatif/article/view/9>

<sup>2</sup> Yusuf Wangka Ihe, 'Tinjauan Hukum Mengenai Wewenang Dan Fungsi Badan Permusyawaratan Desa Menurut Undang-Undang Nomor 6 Tahun 2014 Tentang Desa', *Lex Privatum* 12, no. 2 (2023). <https://ejournal.unsrat.ac.id/v3/index.php/lexprivatum/article/view/49464>

<sup>3</sup> Pemerintah Republik Indonesia, 'Peraturan Pemerintah (PP) Nomor 60 Tahun 2014 Tentang Dana Desa Yang Bersumber Dari Anggaran Pendapatan Dan Belanja Negara' (2014).

which can harm state finances and hinder the achievement of village development goals.<sup>4</sup> Accordingly, the government has established regulations to strengthen oversight and accountability for village fund management, including through the active role of the Village Consultative Body (BPD), regional inspectorates, and law enforcement agencies such as the Corruption Eradication Commission (KPK) and the Indonesian National Police.<sup>5</sup> However, the reality on the ground shows that village fund management still faces various serious challenges, particularly related to corrupt practices by certain village officials. The village sector consistently ranks among the highest in corruption case numbers, with the main methods being abuse of authority, embezzlement, budget mark-ups, and falsification of financial accountability documents.<sup>6</sup>

Multiple institutional reports confirm that the village sector is particularly vulnerable to corruption. Weak supervision and information gaps between the central government and the village government increase the potential for misappropriation. This phenomenon not only costs the state materially, but also reduces public trust in the village government. For instance, data from Indonesia Corruption Watch (ICW) in its 2022 Village Sector Corruption Report also shows hundreds of village fund corruption cases spread across Indonesia, with state losses reaching billions of rupiah annually. This phenomenon not only reflects the weakness of internal and external oversight systems at the village level but also indicates gaps in the implementation of the principles of transparency and accountability in village financial management.<sup>7</sup> From the perspective of the principal-agent theory, as explained by Sutarna et al., village fund corruption occurs due to information asymmetry between the central government (principal) and the village government (agent), where the agent has greater access to information and resources, thus potentially abusing the authority granted for personal or group interests. This condition is exacerbated by the low capacity of village officials in managing finances, weak oversight systems, and minimal community participation in the planning, implementation, and monitoring processes of village fund use.<sup>8</sup> In addition, Amelia et al. in their research revealed that corruption in village financial management is generally carried out through various methods, such as embezzlement, fund cuts, fictitious procurement of goods and services, and manipulation of accountability reports. Factors that encourage corruption of village funds include weak integrity of village officials, a lack of understanding of regulations, and the existence of political pressure and a culture of patronage at the local level. Law enforcement against perpetrators of village fund corruption also still

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<sup>4</sup> Dini Novitasari and Gigih Aulia Hilmiawan, 'Analisis Tata Kelola Keuangan Desa Guna Mewujudkan Good Village Governance (Studi Di Desa Pleret Kecamatan Pleret Kabupaten Bantul)', *Jurnal Ekonomika* 15, no. 01 (2024): 93–108. <https://doi.org/10.35334/jek.v0i0.4837>

<sup>5</sup> Fikri Ramadhan and Mahzaniar, 'Analisis Yuridis Penegakan Hukum Terhadap Pelaku Tindak Pidana Korupsi Dana Desa (Studi Putusan Nomor 2/PID.SUS-TPK/2020/PT PLG)', *Neraca Keadilan* 3, no. 1 (2020): 40–50.

<sup>6</sup> Adi Fauzanto, *Wajah Korupsi Di Indonesia (Himpunan Artikel Ilmiah-Populer Terangkai)* (Penerbit Widina, 2023), 26.

<sup>7</sup> Divisi Hukum dan Monitoring Peradilan Indonesia Corruption Watch, 'Laporan Hasil Pemantauan Tren Penindakan Korupsi Tahun 2022', 2023.

<sup>8</sup> Iwan Tanjung Sutarna, Azwar Subandi, and Ilham Zitri, 'Pendidikan Politik Untuk Pemilih Pemula: Inisiatif Untuk Integritas Pemilu', *Transformasi: Jurnal Pengabdian Pada Masyarakat* 3, no. 1 (2023): 38–46. <https://garuda.kemdiktisaintek.go.id/documents/detail/3436602>

faces various obstacles, such as limited resources for law enforcement officers, slow investigation processes, and intervention from certain interested parties.<sup>9</sup>

Several studies on village fund corruption have been conducted previously, and this research draws on some of them as references. The studies by Utomo (2024), Elu and Yusuf (2025), and Nurfadilah et al. (2025) share similarities with this research in highlighting village fund management as a legal issue that is vulnerable to irregularities due to weak transparency and supervision. Utomo (2024) emphasizes law enforcement and state financial recovery in cases of village fund corruption,<sup>10</sup> Elu and Yusuf (2025) examine the misuse of village finances through an empirical approach,<sup>11</sup> while Nurfadilah et al. (2025) focus on fraud prevention through active involvement of the community and government.<sup>12</sup> In contrast, this study emphasizes the analysis of transparency challenges in village fund management and the formulation of more comprehensive legal and governance solutions. Overall, these three studies reinforce the urgency of this research in promoting transparent, accountable, and corruption-preventive village fund management. This indicates a research gap in integrating legal analysis, governance mechanisms, and transparency challenges in village fund management at the local government level. Therefore, this study seeks to fill this gap by analyzing transparency-related challenges and formulating more comprehensive legal and governance-based solutions to prevent village fund corruption

However, previous studies tend to discuss the issue of village fund corruption partially, in terms of law enforcement, fraud prevention, and the role of certain actors, without examining in depth the challenges of transparency as a key factor in village financial governance. In addition, not many studies have comprehensively integrated legal analysis, good governance principles, and oversight mechanisms in the context of village fund management at the local government level.

However, although many studies on village fund corruption have been conducted from the perspective of criminal law, financial governance, and administrative supervision, studies that explicitly take the root of the problem in the integrity of the state apparatus are still relatively limited. Most studies focus more on the technical aspects of village fund management, supervisory mechanisms, or the effectiveness of law enforcement after the occurrence of corruption. In other words, the approach taken tends to place village fund corruption as a system failure, without linking it deeply to issues of values, ethics, and integrity of the village apparatus as actors of state authority at the most local level. In addition, most of the previous studies also positioned transparency and accountability as normative principles in village financial management. However, these studies have not comprehensively

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<sup>9</sup> Gheanova Amelia, Joshua Kevin Panjaitan, and R. Bagus Irawan, 'Tindak Pidana Korupsi Dalam Pengelolaan Keuangan Desa', *De Juncto Delicti: Journal of Law* 3, no. 1 (2023): 23-29. <https://journal.unsika.ac.id/index.php/djd/article/download/7907/4259>

<sup>10</sup> Budi Utomo, 'Pendekatan Kriminologi untuk Pemulihan keuangan Negara dalam Kasus Korupsi Dana Desa', *Jurispro Law Review* 1, no. 2 (2024). DOI:10.31602/al-adl.v17i2.16206

<sup>11</sup> Efraim Elu and Hudi Yusuf, 'Penyalahgunaan Keuangan di Tingkat Pemerintah Desa (Desa Menamas)', *Jurnal Intelek Insan Cendikia* 2, no. 8 (2025): 14744-55. <https://jicnusantara.com/index.php/jiic/article/view/4640>

<sup>12</sup> Nurfadilah Nurfadilah, Suci Suci, and Gading Asmara Novandrini, 'Pencegahan Fraud Dana Desa; Peran Aktif Masyarakat Dan Pemerintah', 2025.

examined how the weak integrity of the state apparatus affects the failure of its implementation. In this case, I see a gap in research that has not linked the corrupt practices of village funds with issues of integrity of the state apparatus as a form of state representation at the village level. There are three types of problems that tend to support each other in the context of bureaucratic culture, abuse of authority, and low moral commitment to the public interest.

This study proposes a different approach, by considering village fund corruption as a reflection of the weak integrity of the state apparatus, rather than solely due to a weakened regulatory and supervisory system. This research will attempt to explore how the low integrity of the village apparatus influences village fund management practices that are not transparent and accountable, and how these circumstances lead to increased potential for abuse of power. The proposed innovative solution does not only focus on stronger regulations and law enforcement in dealing with social crimes, but also on improving the integrity of the state apparatus through preventive and systematic preparation, especially the internalisation of anti-corruption values, awareness of work ethics. Therefore, this research develops an integrity-centered framework for analyzing and addressing village fund corruption. With this approach, this research is expected to make a scientific contribution in broadening the perspective of village fund corruption studies, as well as providing practical recommendations to strengthen the integrity of the state apparatus as the main foundation in realising clean and public interest-oriented village fund governance.

Based on the above description, corruption of village funds is one of the main challenges in realizing transparent and accountable village governance. The practice of village fund corruption not only harms state finances but also hinders the achievement of village development goals, reduces public trust in the government, and widens social and economic disparities at the local level. Therefore, comprehensive and sustainable efforts are needed to strengthen the monitoring system, increase the capacity of village officials, and encourage active community participation in village fund management. This study aims to analyze the challenges of transparency in village fund management in local government and formulate solutions that can be implemented to effectively prevent and eradicate corruption in village funds

## 2. Methods

This research employs a qualitative approach to examine village fund corruption and transparency challenges in local government that emphasizes the construction of meaning, the subjective interpretations of actors, and the exploration of phenomena through a naturalistic approach. A qualitative approach was deemed most appropriate for uncovering for uncovering the social processes, motivations, and hidden mechanisms underlying village fund corruption. This approach allows researchers to interpret social realities in depth by involving key participants in the local environment.<sup>13</sup> The integration of theoretical and conceptual perspectives in this research is expected to yield a comprehensive and critical understanding of village fund governance practices at the local level.

The choice of qualitative methods for this research is based on their participatory, descriptive characteristics, and their aim to understand social reality holistically in accordance with ontological and epistemological foundations. The qualitative approach prioritizes the dis-

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<sup>13</sup> Sugiyono, *Memahami Penelitian Kualitatif* (Bandung: Alfabeta, 2012).

closure of social phenomena from the perspective of the research subjects and interprets data from field observations, interviews, and documentation inductively. According to Sugiyono, qualitative methods have advantages in documenting dynamic realities, patterns of social interaction, and the diverse empirical experiences of participants in an environment rich in values and interests. Through this method, researchers are expected to explore the typology of problems and understand the main factors shaping corrupt practices in village fund management.<sup>14</sup>

The data collection techniques in this study were designed to capture various empirical nuances in the field through a combination of observation, in-depth interviews, and documentation. Observations aimed to identify behaviors, interactions, and social dynamics that occur in the implementation of village fund use, while structured and semi-structured interviews were used to obtain direct narratives from relevant informants, such as village officials, community leaders, and other stakeholders. A documentation approach was applied to analyze official documents, village fund use reports, and other administrative evidence. This triangulation technique, following Sugiyono (2015), enhances data validity and research credibility. This technique enhances data validity and research credibility, aiding in understanding the findings.<sup>15</sup>

Data analysis followed the Miles and Huberman (1994) model, comprising three stages: data reduction, data display, and conclusion drawing. This includes three main stages: data reduction, data display, and conclusion drawing. The data reduction stage involved selecting, sorting, and summarizing the raw data. This focused efforts on relevant findings. Irrelevant information was removed, resulting in significantly cleaner data. Data is presented in narrative tables or matrices. This helps to easily interpret patterns emerging from the field data. Conclusions are then drawn. This is a systematic step that connects the analysis to the theoretical framework and empirical context established previously. An analytical model supports data interpretation. This is an appropriate interpretation in qualitative research. By using these analytical techniques and stages, this research is expected to contribute to strategically appropriate solutions for transparent fund management, particularly at the village level.

### 3. Results and Discussion

#### 3.1. Sources of Village Funds According to Legal Regulations

Village Funds are a key instrument of village autonomy in Indonesia, aimed at supporting infrastructure development, economic empowerment, and basic community services. According to Law Number 6 of 2014 concerning Villages (Village Law), village funds are defined as budget allocations sourced from the State Budget (APBN) transferred through the district/city Regional Budget (APBD).<sup>16</sup> Diverse sources of village funds should serve as drivers of sustainable development, not as a loophole for corrupt practices. In this context, community participation in overseeing the management and use of village funds is crucial. Community involvement not only strengthens accountability in fund management but also increases

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<sup>14</sup> Sugiyono, *Metode Penelitian Kualitatif Dan R&D* (Bandung: Alfabeta, 2015).

<sup>15</sup> Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif, Dan R & D*, 19th ed. (Bandung: Alfabeta, 2016).

<sup>16</sup> Pemerintah Republik Indonesia, 'Undang-Undang (UU) Nomor 6 Tahun 2014 Tentang Desa' (2014).

transparency, which is expected at every stage of the fund use process. Information technology, such as the Village Information System (SID), enables community participation in monitoring fund usage. This technology allows easier access to information related to budget allocation and realization, enabling the community to participate in the monitoring and control process. Thus, it is hoped that transparency in the management of village funds will increase, which in turn can reduce opportunities for corruption.<sup>17</sup>

### **Types of Village Revenue Sources**

Article 72 paragraph (1) of Law Number 6 of 2014 concerning Villages explicitly mentions various sources of village revenue. A thorough understanding of these sources is crucial for optimizing village financial management and ensuring that these funds are used effectively for community development.

#### **1) Village Original Revenue (PADes)**

Village Original Revenue (PADes) is the primary source of income generated from village-managed businesses. This includes Village-Owned Enterprises (BUMDes), which function as economic institutions managed to benefit village communities. Other examples include non-timber forest products, such as sap or medicinal plants, as well as village service fees charged to the community for various services provided. Optimizing PADes can increase village independence and financial capacity, which are essential for implementing development programs.

#### **2) Revenue Sharing from Regional Taxes and Regional Levies**

Village revenue sources also receive allocations from revenue sharing from regional taxes and regional levies. This allocation is provided by the district/city government and covers various types of taxes, such as vehicle tax and entertainment tax. This source is crucial for financial support in village development activities and ensures that communities can enjoy adequate services and good infrastructure.

#### **3) Village Funds**

Village Funds are an allocation provided directly from the State Budget (APBN) to all villages in Indonesia. In 2024, the total Village Fund allocation reached IDR 71 trillion. This allocation is intended to accelerate village development and community empowerment. This funding provides opportunities for villages to implement various projects, from infrastructure development to social programs that directly benefit the community.

#### **4) Financial Assistance from the Province/Regency/City**

In addition, villages are also eligible to receive financial assistance from the provincial, district, or city government. This assistance is usually categorized as Special Financial Assistance (BKK), allocated for projects that reflect community aspirations or agreed-upon priority programs. With this assistance, it is hoped that villages can accelerate the achievement of established development targets.

#### **5) Grants and Donations**

Other funding sources include grants and donations from third parties. These grants must meet the requirement that their use does not conflict with the principles of village auto-

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<sup>17</sup> Dedy Junaidi and M. Fachri Adnan, 'Transparency and Accountability of Village Fund Management', *JIEE: Jurnal Ilmiah Ekotrans Dan Erudisi* 3, no. 2 (2023): 1-11. <https://journal.unespadang.ac.id/JIEE/article/view/103>

onomy. Through this source, villages can obtain additional funds for social or economic projects without incurring debt that could burden the village budget in the future.

#### 6) Other Legitimate Income

Other legitimate income, such as loans or village inheritances, is also considered in the allocation of village funds. Loans must be managed transparently and in a planned manner to avoid creating a heavy burden on village finances in the future. Village inheritances, which can be used as a source of income, must also be managed properly to provide maximum benefits to the community.

The main implementing regulation is Government Regulation Number 60 of 2014 concerning Village Funds Sourced from the State Budget, which regulates the distribution mechanism, priority use, and accountability. Priorities for the use of village funds include:

##### a) Poverty Alleviation

in the community, using a multidimensional approach. This includes economic interventions, such as social assistance programs, job skills development, and access to microcredit, as well as structural efforts to increase household incomes, reduce social inequality, and ensure sustainable human development. In academic contexts, this issue is often analyzed through frameworks such as the Human Development Index (HDI) and development economics theory, with the goal of achieving social inclusion and sustainable economic growth.

##### b) Community Empowerment

Community empowerment is a process aimed at increasing the capacity of individuals and groups within the community to control resources, make decisions, and actively participate in the development process. This process includes education, training, and strengthening local institutions to promote independence, gender equality, and political and economic participation. Academically, this concept is typically studied from a sociological perspective and development theory, using Freire's critical education model or Narayan's empowerment theory as a reference, which emphasizes the need for social transformation to address marginalization and structural injustice..<sup>18</sup>

##### c) Basic Infrastructure Development

Basic infrastructure development includes the construction and maintenance of essential physical facilities, such as roads, clean water systems, electricity, and public transportation, that support economic and social activities. This process is designed to improve accessibility, efficiency, and regional resilience to environmental challenges. In academic studies, this development is analyzed from a regional economic and sustainability perspective, considering various impacts such as Gross Domestic Product (GDP) growth, reducing regional disparities, and integrating environmental policies to minimize ecosystem degradation..

##### d) Improving Public Services

Improving public services involves reforming and strengthening government service delivery systems, including in health, education, security, and public administration, to ensure better quality, accessibility, and efficiency. This includes technological innovation, employee training, and developing accountability mechanisms to address corruption and inefficiency.

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<sup>18</sup> Jemi Pabisangan Tahirs, 'Transparency and Accountability Analysis of Village Fund Allocation Management in Lembang Polopadang Village', *Enrichment: Journal of Management* 13, no. 2 (2023): 1355-62. <https://doi.org/10.35335/enrichment.v13i2.1335>

In academic contexts, this concept is often explored through public administration and governance theories, including the New Public Management model, which emphasizes a focus on results, public participation, and digital integration to achieve responsive services.<sup>19</sup>

Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 13 of 2021 stipulates a minimum allocation of 80% for priority programs, with the remaining 20% for village apparatus operational costs. Village funds are distributed in stages: 40% at the beginning of the year, 40% in the middle, and 20% at the end, through village cash accounts overseen by the Supreme Audit Agency (BPK) and the Corruption Eradication Commission (KPK). However, transparency challenges arise from the lack of dissemination of this regulation at the village level, which often leads to misappropriation. For example, in Madiun Regency, the 2023 village fund allocation reached IDR 150 billion for 270 villages, but a report from the Financial and Development Supervisory Agency (BPKP) indicated mismanagement in 20% of the villages. This discussion emphasized that diverse village funding sources should be a driver of development, not a source of corruption. Integration with the Village Information System (SID) can improve transparency in real-time reporting.

### 3.2. Impact and Causal Factors of Village Fund Corruption

According to Suyamto, as quoted by Angger Sigit<sup>20</sup>, supervision is an effort or act to find out and assess the actual reality of responsibility in the implementation of duties whether it is in accordance with what it should be. The purpose of supervision itself in a narrow sense is the suitability of whether the tasks carried out are appropriate with the predetermined benchmarks. The purpose of supervision is to ensure that the implementation of tasks is in accordance with the standards or benchmarks that have been determined. Supervision is also a tool to compare "*Das Sollen*" (what should happen according to plan) and "*Das Sein*" (reality or implementation that occurs), so that it can be known whether there are irregularities or inconsistencies that need to be corrected. Village fund corruption refers to unlawful acts by village officials or related parties that harm state finances, such as budget markups, fictitious projects, or diversion of funds.<sup>21</sup> This phenomenon is rampant because village funds, which reach IDR 70-80 trillion per year, make them an easy target for individuals who exploit weak oversight.

#### 1) Impact of Village Fund Corruption

Village fund corruption has multidimensional economic, social, and political impacts. Economically, corruption serves as a significant impediment to essential infrastructure development, including poorly maintained roads and malfunctioning irrigation systems. Often, a direct result of this corruption is decreased productivity among rural communities who depend on this infrastructure for daily economic activities. According to a study by

<sup>19</sup> Pemerintah Republik Indonesia, Peraturan Pemerintah (PP) Nomor 60 Tahun 2014 tentang Dana Desa yang Bersumber dari Anggaran Pendapatan dan Belanja Negara.

<sup>20</sup> S.H Angger Sigit Pramukti, S.H. Dan Meylani Chahyaningsih, "Pengawasan Hukum Terhadap Aparatur Negara" (Yogyakarta: Pustaka Yustisia, 2016), [https://books.google.co.id/books?id=Mrvieaaaqbj&Pg=Pa1&Source=Gbs\\_Toc\\_R&Cad=1#V=OnePage&Q&F=False](https://books.google.co.id/books?id=Mrvieaaaqbj&Pg=Pa1&Source=Gbs_Toc_R&Cad=1#V=OnePage&Q&F=False).

<sup>21</sup> Pemerintah Republik Indonesia, 'Undang-Undang (UU) Nomor 31 Tahun 1999 Tentang Pemberantasan Tindak Pidana Korupsi' (1999).

Indonesia Corruption Watch (ICW), state losses resulting from village fund corruption reached IDR 1.8 trillion in 2022. This figure represents the loss of approximately 500,000 temporary jobs in rural areas, providing a clear picture of the significant impact on community economic well-being.<sup>22</sup> Corruption of village funds often contributes to the formation of public distrust of the village government. This incident can trigger horizontal conflict, where groups within the community confront each other due to dissatisfaction with the non-transparent management of village funds. In Madiun Regency, for example, corruption cases have sparked demonstrations by residents demanding accountability and transparency in the use of village funds. These demands reflect growing community unrest and disrupt social stability, which is essential for maintaining harmony within the community.

The impacts of corruption are not merely temporary but can accumulate into more serious problems, such as increased poverty. Funds that should be allocated for Direct Cash Assistance (BLT) or health services at integrated health posts (Posyandu) are often diverted for personal gain by irresponsible parties. This situation creates a vicious cycle that worsens the community's economic conditions and leads to a decline in the overall quality of life.

Corruption in the management of village funds also has significant implications for achieving the Sustainable Development Goals (SDGs), particularly target 16, which emphasizes the importance of inclusive and accountable institutions. The uncertainty caused by corrupt practices undermines the legitimacy of local governments and undermines public trust in public institutions. This poses significant challenges for governments in rebuilding trust and ensuring community participation in village development. Therefore, to address the multidimensional impacts of corruption, it is crucial for local governments to design and implement social programs that uphold the principles of reconciliation and trust restoration. These proactive measures are essential to prevent negative consequences that could undermine social stability and promote improvements in the quality of life for rural communities. Through transparency, accountability, and community participation, anti-corruption efforts can be integrated into broader sustainable development initiatives.

## **2) Factors Causing Village Fund Corruption**

The reasons for village fund corruption can be varied. We identify three main dimensions: structural, cultural, and operational. These dimensions interact and reinforce each other, creating conditions vulnerable to misappropriation. Vulnerability is crucial. Corruption arises from weak oversight systems, a lack of transparency in village fund management, and poorly managed conflicts of interest. These conditions are exacerbated by overlapping and unclear regulations. Limited village apparatus capacity and low community participation in oversight are also contributing factors to corruption.

### **a) Cultural Factors**

The cultural dimension plays a fundamental role in facilitating Village Fund corruption, particularly through the perpetuation of a patron-client culture and social norms that permissive of nepotism and favoritism.

#### **(1) Patron-Client Cultural Mechanism**

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<sup>22</sup> Diky Anandya and Lalola Easter, 'Laporan Hasil Pemantauan Tren Penindakan Kasus Korupsi Tahun 2022 "Korupsi Lintas Trias Politika"', 2023.

In the context of Indonesian rural communities, power is often personified by the Village Head (Kades). The village head is viewed not only as an administrative leader but also as the primary patron with significant discretion and socio-political influence over resource allocation, the distribution of economic opportunities, and the local strategic decision-making process.

- Dependency Aspect: The resulting relationship often resembles neo-feudalism or an asymmetrical power relationship, where most residents (clients) feel vested in and dependent on the village head for access to development projects, employment, social assistance, or other administrative facilities. Compliance and political support from clients are often exchanged for material benefits or non-material rewards from the patron.

#### (2) Weakening of the Internal Oversight Function

The most crucial implication of this dominant patronage culture is the erosion of the effectiveness of the internal oversight function, particularly that carried out by the Village Consultative Body (BPD). Normatively and legally, the BPD serves as a community representative tasked with monitoring the performance and policies of the Village Head and other village officials.

- BPD as a Formality: In practice, the BPD is often caught in a structural and cultural dilemma. BPD members, who represent elites or local figures, often have political or even material dependence on the Village Head. They are vulnerable to co-optation and non-physical intimidation from the Village Head.
- Fear of Losing Access: The BPD's reluctance to aggressively carry out its checks and balances function is driven by instrumental rationality, namely fear of losing political support, being cut off from access to village projects (such as honorariums, official travel, or committee positions), or even the potential for social ostracism by patron groups.<sup>23</sup>

#### (3) Consolidation of Power and the Cycle of Corruption

This cultural condition creates an environment of weak internal control, allowing the Village Head to manipulate discretion and institutionalize misappropriation without facing significant resistance. The Village Head can intervene in the procurement of goods and services, the recruitment of officials, and the determination of budget priorities by exploiting this gap.

This ultimately reinforces a cycle of corruption based on social norms that tolerate deviation, where nepotism (favoring relatives or colleagues) and favoritism (giving preferential treatment) are seen as inherent parts of village governance, rather than ethical and legal violations. Corruption becomes endemic because it is supported by cultural justifications that tolerate collusion and conspiracy in the management of Village Funds.

#### b) Structural Factors

The structural dimension refers to the legal, institutional, and political framework that shapes the management environment for Village Funds.

<sup>23</sup> Erna Hendrawati, Mira Pramudianti, and Khoirul Abidin, 'Fraud Prevention of Village Fund Management', *International Journal of Islamic Business and Management Review* 2, no. 1 (2022): 24–36. <https://doi.org/10.54099/ijibmr.v2i1.136>

### (1) Decentralization and Regulatory Voids

The granting of broad autonomy to villages through the Village Fund decentralization scheme (fiscal decentralization) is not always accompanied by a strong and adequate technical regulatory framework at the regional and central levels.

- **Legal Ambiguity:** Implementing regulations often lack ambiguity or a lack of norms, granting Village Heads excessive discretionary power without clear limits. This situation creates the potential for moral hazard due to the lack of strict guidelines regarding the allocation, use, and accountability of funds.

### (2) Failure of External Oversight

The external oversight function of supra-village entities (such as the Regional Inspectorate, Regency Government, and Law Enforcement Officers/APH) is often suboptimal or disproportionate to the volume of funds managed by the village.

- **Limited Oversight Reach:** Limited resources, personnel, and budgets prevent supervisory entities from conducting intensive and extensive audits or field inspections across all villages. This results in a low detection risk for irregularities.
- **Power Protection Structure:** As exemplified in Madiun Regency, patterns of collusion between Village Heads and local contractors often operate within a systemic power structure that protects each other (systemic corruption). Corruption at the village level is a structured phenomenon where key actors (local politicians, businesses, and even supervisors) maintain mutually beneficial relationships to perpetuate their power and accumulate illicit economic profits.

Collectively, these structural and operational factors make corruption not merely an individual act but an inherent risk embedded in the Village Fund governance mechanism, hindering the achievement of socio-economic development goals at the grassroots level.<sup>24</sup>

### c) Operational Factors

The operational dimension refers to failures in the implementation of daily work procedures and weaknesses in the human resources tasked with managing the Village Fund.

#### (1) Low Capacity and Competence of Village Officials

One of the main vulnerabilities is the capacity discrepancy between the significant responsibility for managing Village Funds and the technical competence of village officials.

- **Financial Literacy Deficit:** Village staff and officials often lack formal training in public financial management, government accounting, and performance-based reporting systems. This lack of expertise leads to administrative errors, difficulties in implementing complex procurement procedures, and misinterpretation of regulations.
- **Weak Internal Control:** A lack of understanding of the Government Internal Control System (SPIP) at the village level results in lax internal oversight procedures. Access to the Village Cash Account (RKD) is relatively easy without a dual control mechanism

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<sup>24</sup> Rona Rio Akbar, Maryunani, and Sasongko, 'The Role of Social Capital in Village Owned Business Entities (BUMDes) on Village Development (Case Study in Pujonkidul Village, Pujon District, Malang Regency)', *IJESSS: International Journal of Environmental, Sustainability and Social Science* 4, no. 1 (2023): 45-53. DOI: <https://doi.org/10.38142/ijesss.v4i1.277>

or strict and regular internal audits. This situation facilitates the misuse of authorizations and the withdrawal of funds without adequate justification.

(2) Operational Modus Operandi: Mark-ups and Non-Transparent Procurement

These operational weaknesses are exploited through specific methods, the most common of which are:

- Budget Mark-up Practices: This involves the manipulation of the prices of goods or services (cost inflation) in the Budget Plan (RAB) to exceed fair market value. The excess funds marked up (fraudulent surplus) are then diverted as unreported gains or personal gain by Village Heads and/or related third parties.

Non-Transparent Procurement: Tender procedures or direct appointments are conducted without adhering to the principles of fair competition and information transparency. This process allows for collusion between organizers and providers of goods/services, resulting in the selection of contractors based on personal relationships (favoritism) rather than on competence and the best offer

### 3.3. Case Study of Village Fund Corruption in Madiun Regency

Madiun Regency, East Java, has become a hotspot for village fund corruption, with more than 10 cases reported since 2018. These cases often involve fictitious or marked-up infrastructure projects, reflecting local transparency challenges. The emphasis on corruption cases in Madiun Regency suggests that a more in-depth analysis of the modus operandi used by corruptors would provide regulators with better insight into formulating more effective preventative measures. Further research could also examine the relationship between local leadership and levels of corruption to develop relevant strategies for eradicating corruption.

In addition to these common cases, a focus on Sukosari and Gemarang Villages reveals a similar pattern: misuse of funds for stalled swimming pool projects.

#### 1) Common Cases of Village Fund Corruption in Madiun Regency

The District Attorney's Office (Kejari) recorded 15 cases of village fund corruption between 2020 and 2024, resulting in state losses of IDR 5 billion. A case in Kare Village, Mejayan District, involved the village head marking up a bridge project by Rp 200 million, diverting the funds for personal gain. This case was uncovered through a citizen's report to the Corruption Eradication Commission (KPK), demonstrating the importance of public oversight.<sup>25</sup> Another case in Wedari Village, Kartoharjo District, involved the procurement of fictitious medical equipment during the COVID-19 pandemic, resulting in a loss of Rp 150 million. The primary contributing factor was the lack of internal auditing by the Village Consultative Body (BPD), which is supposed to verify village financial reports. A common pattern in Madiun is collusion between village heads and local contractors, often through fraudulent tenders. Consequently, village development is hampered, as in Nglundo Village, where Rp 300 million in irrigation funds disappeared, causing farmers to lose two seasons' harvests.

East Java, provides a strong empirical illustration of a systemic pattern of village fund corruption, which aligns with the findings of the previous causal analysis. This pattern reflects the interaction between cultural factors (such as a patron-client culture that weakens BPD

<sup>25</sup> Kejaksaan Negeri Kabupaten Madiun, 'Laporan Kasus Tipikor 2024', 2024.

oversight), structural factors (weak internal oversight and ap-paratus capacity), and operational factors (budget mark-ups and non-transparent procure-ment). the application of Articles 2 and 3 of Law Number 31 of 1999, as amended by Law Number 20 of 2001 concerning the Eradication of Corruption (the Corruption Law), is the primary legal instrument for prosecuting perpetrators. Article 2 emphasizes the element of enriching oneself or others, while Article 3 focuses on acts that harm state finances. These two articles were explicitly applied in the Madiun cases, demonstrating how the misappro-priation of village funds violates not only administrative norms but also the legal constitution intended to protect the public interest.

## 2) Corruption Case in Sukosari Village

The Sukosari case serves as a representative case study illustrating the interaction between the factors causing Village Fund corruption (cultural, structural, and operational) and the implementation of the legal framework for corruption in Indonesia.

### a) Case Description and Modus Operandi

In August 2025, Village Head Kusno (61 years old) of Sukosari Village was named a suspect by Law Enforcement Officers (APH) for alleged corruption of Village Funds. The modus operandi used in this case demonstrated a careful exploitation of operational weaknesses and village capacity:

- Fictitious/Abandoned Projects and Mark-ups: Village Head Kusno signed a contract for a village swimming pool construction project worth Rp 600 million. An in-depth investigation revealed unreasonable cost inflation (mark-ups) for materials and fictitious labor entries in the accountability report.<sup>26</sup>
- State Losses: The total identified state losses reached Rp 400 million. Investigators found that most of these embezzled funds were diverted for Kusno's personal benefit, while physical projects, such as the swimming pool, stalled and stalled at the foundation stage.

### b) Legal Entrapment Under the Corruption Law

This case has strong legal relevance because it encompasses two key articles in Law Number 31 of 1999 in conjunction with Law Number 20 of 2001 concerning the Eradication of Criminal Acts of Corruption (the Corruption Law):

#### (1) Article 2 Paragraph (1) of the Corruption Law (Self-Enrichment)

Article 2 Paragraph (1) indicts anyone who unlawfully enriches themselves. Alternatively, they can enrich another person, or even a corporation. This action must have the potential to harm state finances or even damage the national economy as a whole. This seems fair.

- Unlawful Elements: Village Head Kusno's actions in manipulating the budget (RAB), signing contracts with markups, and registering fictitious workers are actions that violate the principles of good state financial management (good governance), particularly transparency and accountability.
- Self-Enrichment Element: By diverting a portion of the Rp 400 million funds for personal gain, the element of "self-enrichment" has been materially and legally fulfilled, making this type of corruption a direct financial loss to the state.

#### (2) Article 3 of the Corruption Law (Abuse of Authority)

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<sup>26</sup> Efraim Elu and Hudi Yusuf, 'Financial Abuse at the Village Government Level (Manamas Village)', *JlIC: Jurnal Intelek Insan Cendikia* 2, no. 8 (2025): 14744-55. <https://doi.org/10.31599/sasana.v12i1.4704>

Kusno was also charged under Article 3 of the Corruption Law, which stipulates that any person who, with the intention of unlawfully benefiting themselves or others, or by abusing the power, opportunity, or means available to them due to their position or position, causes financial loss to the state.

- Abuse of Authority: Village Head Kusno exploited the discretion and supreme authority inherent in his position as the person responsible for the village budget to manipulate the procurement and use of Village Funds.<sup>27</sup>
  - State Losses Due to Waste: Project failure (stalled) at the foundation stage, even though some funds may have been physically spent, is still interpreted as a state loss because the budget spent is not optimal and does not achieve the established development goals, which is a form of budget waste and inefficiency that is detrimental to state finances.<sup>28</sup>
- c) Confirmation of Operational and Cultural Factors

The Sukosari case reinforces the findings outlined in the analysis of the causal factors of corruption, as this incident not only demonstrates individual acts of malfeasance but also reveals how systemic weaknesses in village governance can create conditions conducive to corrupt practices. This case clearly demonstrates that corruption does not emerge spontaneously, but rather grows out of a combination of interacting factors – operational, institutional, and cultural – all of which play a role in creating a space that allows for the abuse of power. In other words, the Sukosari case serves as empirical evidence that theories regarding the root causes of corruption in village government have strong relevance in the field, as the practices demonstrated patterns consistent with the results of the previous analysis:

- Operational Factors The misappropriation of Rp 400 million could have occurred due to the village head's easy access to the Village Cash Account (RKD) and the weakness of routine financial oversight (lack of routine audits). This situation demonstrates that the discrepancy in apparatus capacity and lax internal controls (as discussed in the operational analysis) in fact open up opportunities for exploitation by those in power.<sup>29</sup>
- Cultural Factors: Village Head Kusno's dominant position as a patron figure in the village community, supported by a patron-client culture, significantly hampers the checks and balances that the Village Consultative Body (BPD) should implement. As a result, oversight is rendered impotent, allowing Kusno to exploit his position without significant intervention.<sup>30</sup>

<sup>27</sup> Alexandro R. Bujung, Roosje M.S. Sarapun, and Nelly Pinangkaan, 'Penerapan Hukum Atas Penyalahgunaan Wewenang Oleh Pejabat Pemerintah Ditinjau Dari Undang-Undang No 30 Tahun 2014 Tentang Administrasi Pemerintahan', *Lex Administratum* 11, no. 1 (2023): 1–10.

<sup>28</sup> Angga Prayudha and Bisdan Sigalingging, 'Mekanisme Pengembalian Kerugian Keuangan Negara Akibat Proyek Gagal', *Hukum Inovatif: Jurnal Ilmu Hukum Sosial Dan Humaniora* 1, no. 4 (2024): 295–308. <https://journal.lpkd.or.id/index.php/Humif/article/view/867>

<sup>29</sup> Sandra Aulia and Irfan Ridwan, 'Reformasi Kelembagaan Unit Pengawas Internal: Mengatasi Desentralisasi Korupsi', *JIAAP: Jurnal Ilmiah Administrasi Publik* 8, no. 1 (2022): 1–11. <https://doi.org/10.21776/ub.jiap.2022.008.01.1>

<sup>30</sup> Anita Firdausul Husen, 'Dynamics of the Relationship of Political Parties and Cultural Patron Clients', *Jurnal Pendidikan IPS* 14, no. 2 (2024): 262–70. DOI: <https://doi.org/10.37630/jpi.v14i2.1853>

In summary, this case provides empirical evidence that Village Fund corruption results from the convergence of operational opportunities (system weaknesses) and cultural dominance (patron power) within a legal framework that provides for strict sanctions.<sup>31</sup>

### 3) Corruption Case in Gemarang Village

The Gemarang case, involving former Village Head Suprapti (71 years old) in June 2025, presents a pattern of Village Fund misappropriation analogous to the Sukosari Case. A comparative analysis of these two cases provides in-depth insight into the systemic pattern of corruption at the village level and the validity of the application of Articles 2 and 3 of the Corruption Law as an accountability enforcement instrument.<sup>32</sup>

#### a) Gemarang Case: Modus Operandi and Legal Violations

Suprapti's modus operandi centered on fictitious procurement, a manifestation of operational control weaknesses:

- Fictitious Procurement Manipulation: Suprapti allegedly procured a fence for a swimming pool project worth IDR 1 billion. This misappropriation scheme involved direct transfers of funds to the Village Head's personal account, indicating advance payments or the creation of false accountability documents without supporting physical evidence of the goods or services.<sup>33</sup>
- Fulfillment of the Elements of Article 2 of the Corruption Law: The element of "self-enrichment" (Article 2 Paragraph 1 of the Corruption Law) was explicitly fulfilled through non-transparent procurement manipulation. Personal gain was obtained from the difference in the allocated budget, where goods supposed to be purchased for the project were unavailable or did not meet technical specifications, resulting in the unreported gain becoming the Village Head's illegal wealth.<sup>34</sup>
- Fulfillment of the Elements of Article 3 of the Corruption Law: The application of Article 3 of the Corruption Law (Abuse of Authority) is reinforced by the completely stalled swimming pool project. This unlawful act and abuse of power by the Village Head for personal gain resulted in significant losses to the state (estimated at hundreds of millions of rupiah) through the waste of Village Funds that should have been allocated for activities supporting productivity and community welfare.<sup>35</sup>

#### b) Comparative Synthesis and Systemic Patterns

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<sup>31</sup> Meyfy Merci Karuh and Tuti Widyaningrum, 'Penyelewengan Dana Desa: Tinjauan Terhadap Korupsi Dan Upaya Penanggulangannya Di Desa Songbledeg, Kabupaten Wonogiri', *Iblam Law Review* 4, no. 1 (2024): 682-92. <https://doi.org/10.52249/ilr.v4i1.378>

<sup>32</sup> Siti Rohaya, 'Tinjauan Yuridis Terhadap Tindak Pidana Korupsi Dana Desa: Studi Kasus Putusan (Nomor 59/Pid.Sus-Tpk/2019/Pn Mdn)', *Al-Bayan Journal of Islam and Muslim Societies* 1, no. 1 (2024): 95-109. <https://journal.tabayanu.com/index.php/ajims/article/view/150>

<sup>33</sup> Fangela Myas Sari, Aria Elshifa, and Aria Mulyapradana, 'Analisis Determinan Fraud Dalam Distribusi Bantuan Sosial: Perspektif Fraud Triangle', *JBA: Jurnal Bina Akuntansi* 12, no. 1 (2025): 33-47. DOI: <https://doi.org/10.52859/jba.v12i1.702>

<sup>34</sup> Yudhi Christiawan Samuel, Sahuri Lasmadi, and Elly Sudarti, 'Pertanggungjawaban Pidana Pelaku Tindak Pidana Korupsi Pengadaan Barang Dan Jasa Dalam Perspektif Peraturan Perundang-Undangan', *Hangoluan* 1, no. 1 (2022): 1-35. <https://hhr.unja.ac.id/index.php/hhr/article/view/11>

<sup>35</sup> Amelia Putri Rizkyta and Bunga Restu Ningsih, 'Penyalahgunaan Wewenang Berdasarkan Pengadilan Tata Usaha Negara Dan Pengadilan Tindak Pidana Korupsi', *Jurnal Esensi Hukum* 4, no. 2 (2022): 131-38. DOI: <https://doi.org/10.35586/esensihukum.v4i2.161>

The two cases in Madiun Regency (Sukosari and Gemarang) confirm the existence of a systemic pattern of Village Fund corruption supported by the convergence of three causal dimensions:

**Table 1.** Dimensions of Causes of Village Fund Corruption

Causal Dimensions	Sukosari Case (Kusno)	Gemarang Case (Suprapti)	Systemic Impact
Operational	Mark-up material prices and fictitious labor records.	Fictitious procurement (pagar) and direct fund transfers to personal accounts.	Eksplorasi kelemahan pengendalian internal dan akses mudah ke RKD.
Structural	Tender violations and collusion with local contractors.	Abuse of power (Article 3 of the Corruption Law).	Failure of external oversight and exploited regulatory ambiguity.
Cultural	Patron-client dominance that hinders BPD oversight.	Village heads act without significant constraints from checks and balances.	Erosion of accountability, legitimized by permissive social norms.

Source: Author, 2025

#### c) Confirmation of the Legal Framework

The application of Articles 2 and 3 of the Corruption Eradication Law in the cases of Kusno and Suprapti demonstrates the effectiveness of this legal instrument for the two most common types of corruption at the village level:

- Corruption Law Article 2: State financial losses due to unlawful acts oriented toward personal enrichment.
- Corruption Law Article 3: State financial losses due to abuse of authority oriented toward illegal gain.

This double entrapment builds a strong legal narrative that explicitly links individual misconduct to multidimensional impacts (state fiscal losses and development failure).<sup>36</sup>

#### d) Policy Implications

Empirical data from these cases emphasizes the importance of integrating root cause analysis and law enforcement. These findings strongly support policy recommendations that focus on:

- (1) Strengthening Internal Oversight: Implementing a strict dual control system and routine audits on the use of the RKD.
- (2) Increasing Apparatus Capacity: Providing formal and ongoing training on financial management, accounting, and e-procurement to minimize opportunities for operational manipulation.

<sup>36</sup> Muhammad Rafly Febryansyah and Juliana Putri, 'Pengaruh Kebijakan Fiskal Dan Ketimpangan Pendapatan Terhadap Pertumbuhan Ekonomi Di Indonesia', *JPIM: Jurnal Penelitian Ilmiah Multidisipliner* 2, no. 1 (2025): 1640–48. <https://ojs.ruangpublikasi.com/index.php/jpim/article/view/564>

(3) Cultural Reform: Developing mechanisms that strengthen the independence of the BPD and encourage active community participation in oversight as an effort to neutralize the culture of patronage.

Thus, the two cases in Madiun are not only criminal incidents, but also systemic indicators that require comprehensive policy intervention to improve the anti-corruption resilience of village governments

#### **3.4. Conclusions Legal Implications for Suspects in Village Fund Corruption Cases in Indonesia**

Indonesian anti-corruption law (Law No. 31/1999 jo. Law No. 20/2001) employs preventive, curative, and educational approaches. While state institutions lead enforcement, community and NGO participation strengthens oversight. Legally, these acts of corruption are regulated by Law Number 31 of 1999 and Law Number 20 of 2001. Many acts can harm public and state finances, so this serves as a basis for stronger law enforcement. We recognize that there are more explanations about "corruption," where we understand that there will be more actions that can harm public and state finances, and this will serve as a basis for law enforcement.

There's the example of Kusno and Suprapti. They were involved in the misappropriation of village funds. Article 2 criminalizes unlawful self-enrichment that harms state finances. Furthermore, this enrichment constitutes enrichment that harms the state budget. Article 2 carries a maximum sentence of life imprisonment or up to 20 years, and/or a fine of Rp 200 million to Rp 1 billion. Of course, these types of services are available. In this case, the time period is entirely within the discretion of the court. The court should be fair in demonstrating and explaining their rights and equal rights to avoid harm and implement an appropriate punishment system.

Moving on to Article 3 of the Corruption Eradication Law, which targets abuse of authority, the legal risks for Kusno and Suprapti increase. With their actions identified as involving decisions regarding village fund management without proper procedures, they face potential legal sanctions similar to those stipulated in Article 2, further strengthening the government's commitment to eradicating corruption comprehensively. A concrete example of the application of law at the court level can be seen in the case of the Medan Corruption Court No. 67/Pid.Sus.TPK/2019/PN.Mdn, where a suspect facing a similar situation was sentenced to six years in prison, a fine of Rp 100 million, and an obligation to make full restitution for state losses. This step reflects an integrative effort in law enforcement, combining punitive aspects with restorative justice.

The legal implications extend beyond criminal sanctions to civil suits for damages and administrative actions, such as the revocation of political rights. The Corruption Eradication Commission (KPK) plays an active role in the preventative approach by recommending anti-corruption training for village officials, while the Supreme Audit Agency (BPK) has the authority to conduct forensic audits of the use of village funds. At the local level, for example in Madiun, the District Attorney's Office (Kejari) collaborates with the police to conduct searches as part of the legal process, ensuring that every step is carried out fairly. However, the challenge faced is the slow judicial process, which sometimes allows suspects to be granted parole, making the need for reform of the justice system even more urgent.

Overall, the implications of this law are not only oriented towards sanctioning perpetrators of corruption, but also emphasise proactive prevention efforts through strengthening public financial governance. One concrete form of such efforts is the application of the principle of transparency in the management of village funds, which is required through the e-budgeting system and digitalisation of village finances. This finding is in line with the results of this study, which show that transparency is an important instrument in strengthening the integrity of village financial management and suppressing the potential for abuse of authority. Similar results were also found in Nurfaidah and Mahmud's research (2024) which concluded that the disclosure of budget information and the use of information technology significantly narrowed the space for corruption of village funds.<sup>37</sup> Similarly, Arianto and Oktaviani (2025) asserted that digital-based village financial systems not only increase accountability, but also build a culture of integrity of government officials at the village level.<sup>38</sup> In addition, Putria Wati Nur Arum et al. (2024) showed that transparency in the management of village funds has a direct impact on increasing public trust in government institutions, which is also in line with the findings of this study that public trust is one indicator of the success of good governance-based corruption prevention.<sup>39</sup>

Based on the discussion presented above, it can be seen that legal issues in village fund management are not solely related to violations of regulations, but are deeply rooted in the weak implementation of transparency and the lack of integrity among state apparatus at the village level. Although the regulatory framework has been clearly established, its implementation in practice has not been optimal, thereby creating opportunities for abuse of authority and village fund corruption. In response to these conditions, this study aims to critically examine the challenges of transparency in village fund management as a reflection of weak state apparatus integrity, while also formulating more effective legal and governance-based measures to prevent corruption in a preventive and sustainable manner. Ultimately, this research is expected to contribute to strengthening village governance that is more transparent, accountable, and oriented toward public interests.

#### 4. Conclusions

Corruption of village funds, as exemplified by the case in Madiun Regency, poses a serious threat to local government transparency. Although village funds are regulated by Law No. 6/2014 to serve as a catalyst for development, corruption actually hinders development and undermines public trust due to key factors such as a lack of oversight and the capacity of village officials. The cases in Sukosari and Gemarang demonstrate a similar pattern of mark-ups on infrastructure projects, resulting in serious legal implications under the Corruption

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<sup>37</sup> Nurfaidah and Mahmud, 'Pengawasan Dana Desa Dalam Upaya Pencegahan Korupsi', *Jurnal Hukum Berkeadaban* 1, no. 2 (2025): 67-76. <https://ejournal.globalcendekia.or.id/index.php/jhb/article/view/114>

<sup>38</sup> Bambang Arianto and Tita Oktaviani, 'Transparency and Accountability in Bribery Prevention in Village Fund Governance Based on Citizenship Behavior', *Journal of Accounting and Investment* 26, no. 1 SE-Articles (31 January 2025): 335-59, <https://doi.org/10.18196/jai.v26i1.20840>.

<sup>39</sup> Putria Wati Nur Arum et al., 'The Influence of Accountability and Transparency of Fund Management on Village Government Trust in The Paguyangan Sub-District of Brebes', *Jurnal Indonesia Sosial Teknologi* 5, no. 4 SE-Articles (19 April 2024): 1359-71, <https://doi.org/10.59141/jist.v5i4.1011>.

Law. Therefore, a transformative approach is needed, including training, outreach, and increased community participation to create independent, corruption-free villages.

Based on the analysis findings, to address the challenges of transparency and corrupt practices, the following transformative steps are recommended:

- a. Increasing Community Participation: Community participation must be strengthened, ideally through the Village Information System (SID) application, which allows for real-time reporting of fund usage.
- b. Increasing Village Apparatus Capacity: Conducting regular training on accounting and financial management for village officials to address operational issues.
- c. Strengthening External Oversight: Encourage closer collaboration between the Corruption Eradication Commission (KPK) and the Financial and Development Supervisory Agency (BPKP) for routine and forensic audits.

Special Financial Assistance (BKK) Reform: Reform the BKK distribution mechanism from provinces/regencies/cities to increase transparency and ensure strict oversight from the planning stage.

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