



## The Effectiveness of Regulatory Frameworks and Participatory Transparency Approaches in Village Fund Corruption Eradication within Regional Autonomy

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### Abstract

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Village fund corruption remains a critical issue within Indonesia's decentralized governance system. Although Law No. 6 of 2014 on Villages and Law No. 23 of 2014 on Regional Government establish frameworks for transparency and accountability, their implementation has not effectively curbed corrupt practices. This study analyzes the effectiveness of these regulations in preventing village fund corruption and proposes legal strategies to enhance oversight. Using a normative juridical approach supported by empirical data from Indonesia Corruption Watch (ICW), the research finds that weak vertical supervision by the Regional Inspectorate, limited community participation, and inadequate administrative capacity among village officials undermine regulatory effectiveness. To address these challenges, the study recommends strengthening participatory audits, adopting context-appropriate digital transparency tools, reforming the institutional role of the Village Consultative Body (BPD), and enforcing stricter legal sanctions. A comprehensive and participatory legal approach is essential to reduce corruption and promote sustainable rural governance.

### A. Introduction

Village fund corruption poses a significant challenge within Indonesia's regional autonomy framework. Although Law No. 6 of 2014 on Villages aims to enhance community welfare and accelerate local development<sup>1</sup>, its implementation suffers from weak transparency and accountability.

<sup>1</sup> Torik Abdul Aziz Wibowo, "Politik Hukum Desain Otonomi Khusus Ibu Kota Nusantara," *Staatsrecht: Jurnal Hukum Kenegaraan Dan Politik Islam* 2, no. 2 (2022).



Under Law No. 23 of 2014 on Local government, villages have broader fiscal authority, but limited oversight mechanisms often enable misuse of funds.<sup>2</sup>

Normatively, Indonesia's legal system establishes firm standards to prevent such corruption.<sup>3</sup> Article 18 of the 1945 Constitution provides the foundation for decentralization, granting authority to regions, including villages. Law No. 6 of 2014 ensures independent fund management with oversight structures, while Law No. 23 of 2014 reinforces accountability in local governance.<sup>4</sup>

Law No. 1 of 2023 on the Criminal Code further strengthens anti-corruption measures, replacing earlier laws such as Law No. 20 of 2001 and Law No. 30 of 2002 on the Corruption Eradication Commission.<sup>5</sup> It enhances deterrence against the misuse of public funds at the village level. From the perspective of deterrence theory, strict penalties discourage corrupt acts<sup>6</sup>, whereas principal-agent theory highlights the need for community and institutional oversight.<sup>7</sup> Together, these frameworks help assess the effectiveness of current regulations in curbing village fund corruption under regional autonomy.

Despite comprehensive regulations, village fund corruption in Indonesia continues to escalate. Data from Indonesia Corruption Watch (ICW) show a sharp increase in cases between 2019 and 2023, with 187 cases recorded in 2023 alone, causing state losses of IDR 162.2 billion.<sup>8</sup> Weak oversight by the Village Consultative Body (BPD) and local governments remains a major factor.<sup>9</sup> The 2024 amendment to Law No. 6 of 2014, which extends village heads' tenure to eight years, also raises concerns about power concentration and heightened corruption risks.

Transparency in financial planning and reporting is another persistent issue. Many villages lack open financial systems, allowing unchecked budget allocations.<sup>10</sup> Law enforcement remains weak, as few cases are prosecuted compared to the number of detected irregularities.<sup>11</sup> Limited community participation further exacerbates the problem<sup>12</sup>; low legal literacy prevents villagers from effectively monitoring fund management.<sup>13</sup>

Furthermore, many village officials lack adequate financial management skills and legal knowledge<sup>14</sup>, creating loopholes that enable practices such as budget inflation and document

<sup>2</sup> Law Number 23 of 2014 concerning Local government has undergone several revocations and amendments, including through Law Number 1 of 2022 concerning Financial Relations between the Central Government and Local governments, Law Number 9 of 2015 concerning the Second Amendment to the aforementioned Law, as well as Law Number 11 of 2020 concerning Job Creation and related Government Regulations in Lieu of Law.

<sup>3</sup> Article 18 of the 1945 Constitution of Indonesia regulates the division of administrative regions, ensuring a hierarchical structure of local government (Paragraph 1), granting authority to regions to regulate and manage governmental affairs independently based on the principles of autonomy and assistance duties (Paragraph 2), and providing the right for regions to establish regulations in exercising autonomy (Paragraph 3). Additionally, regional leaders such as governors, regents, and mayors are elected democratically (Paragraph 4), and local governments have the right to exercise the broadest possible autonomy, except for matters designated as the authority of the central government (Paragraph 5).

<sup>4</sup> Muhamad Mu'iz Raharjo, *Pengelolaan Keuangan Desa Dan Aset Desa* (Bandung: Bumi Aksara, 2021), 90.

<sup>5</sup> Alvi Syahrin and Abdul Aziz Anggusti, MartonoAlsa, *Dasar-Dasar Hukum Pidana: Suatu Pengantar (Buku Kesatu Undang-Undang Nomor 1 Tahun 2023 Tentang Kitab Undang-Undang Hukum Pidana)* (Jakarta: Merdeka Kreasi Group, 2023), 53.

<sup>6</sup> Prihatin Effendi et al., *Reformasi Hukum Pidana Indonesia* (Jakarta: Takaza Innovatix Labs, 2024), 20.

<sup>7</sup> Irfan Setiawan, *Pengawasan Pemerintahan Dalam Ulasan Teori Dan Praktek* (Bandung: CV. Rtujuh Media Printing, 2024), 5.

<sup>8</sup> Kompas, "ICW Ungkap Jumlah Kasus Korupsi Di Desa Paling Tinggi," Litbang Kompas, 2024, <https://nasional.kompas.com/read/2024/05/20/16442091/icw-ungkap-jumlah-kasus-korupsi-di-desa-paling-tinggi>.

<sup>9</sup> Mahenda Erarefra Putra and Aprina Nugrahesthy Sulistya Hapsari, "Peran Badan Permusyawaratan Desa Dalam Pengelolaan Aset Desa: Kata Kunci: Aset Desa, Bpd, Dana Desa, Dan Pengawasan," *Jurnal Akuntansi* 12, no. 1 (2020): 109–22.

<sup>10</sup> Dwi Agus Kurniawan and Banu Witono, "Village Government Accountability and Transparency in Village Financial Management," *JASa (Jurnal Akuntansi, Audit Dan Sistem Informasi Akuntansi)* 7, no. 2 (2023): 331–44.

<sup>11</sup> Suramin Suramin, "Indonesian Anti-Corruption Law Enforcement: Current Problems and Challenges," *Journal of Law and Legal Reform* 2, no. 2 (2021): 225–42.

<sup>12</sup> Kompas, "ICW Ungkap Jumlah Kasus Korupsi Di Desa Paling Tinggi."

<sup>13</sup> Chatrina Darul Rosikah and Dessy Marliani Listianingsih, *Pendidikan Antikorupsi: Kajian Antikorupsi Teori Dan Praktik* (Jakarta: Sinar Grafika, 2022), 60.

<sup>14</sup> Muhammad Husni Thamrin, Muhammad Imanuddin Kandias Saraan, and Faiz Albar Nasution, "Capacity Building and Preparation of Village Regulations in Favor of the Community through Technical Guidance in Buluh Telang Village," *Sovereignty Journal of Community Service* 1, no. 2 (2024): 24–32.

falsification.<sup>15</sup> The gap between legal provisions and actual implementation indicates that village fund corruption is not merely a moral or individual failure but a systemic issue demanding stronger institutional oversight within Indonesia's regional autonomy framework.

Criminological research by Srirejeki and Faturokhman (2020) highlights structural and behavioral factors—such as opportunity, pressure, rationalization, and lack of competence—as key drivers of village fund corruption. Their study proposes a prevention model grounded in fraud theory, emphasizing the importance of integrated legal and institutional responses.<sup>16</sup>

These corruption patterns reveal deeper structural weaknesses within Indonesia's regional autonomy framework. The concentration of authority in village heads, coupled with weak oversight and limited legal literacy, fosters systemic abuse.<sup>17</sup> Addressing these issues requires not only stronger enforcement and clearer regulations but also capacity-building for village officials and enhanced community participation. Without comprehensive reform, corruption will remain entrenched, undermining decentralization and rural development objectives.

Village fund corruption hampers infrastructure projects, perpetuates poverty, and exacerbates rural–urban inequality.<sup>18</sup> Funds meant for roads, irrigation, education, and community empowerment are frequently diverted, preventing villages from achieving sustainable and independent growth.<sup>19</sup>

This research is highly relevant given the persistent complexity of village fund corruption within Indonesia's regional autonomy system. Despite regulations designed to ensure transparency and accountability, corruption remains widespread, revealing significant gaps in policy implementation.

The study focuses on analyzing the effectiveness of existing legal frameworks in preventing village fund corruption and proposing strategies to enhance transparency and accountability in fund management. Although laws such as Law No. 6 of 2014 on Villages and Law No. 23 of 2014 on Local government establish mechanisms for financial governance, persistent corruption cases indicate weaknesses in oversight and enforcement.

Accordingly, this research is guided by two main questions: (1) To what extent do current legal frameworks effectively mitigate corruption risks in village fund management? and (2) What legal mechanisms can strengthen governance and supervision at the local level? These questions form the basis for evaluating regulatory effectiveness and developing reform strategies to promote sustainable, corruption-free village development.

## B. Discussion

### 1. The Effectiveness of Regulations in Preventing Village Fund Corruption

This study highlights a paradox in Indonesia's village fund governance. Although the legal framework, particularly Law No. 6 of 2014 on Villages, incorporates the principles of transparency, accountability, and public participation, its implementation remains weak compared to other decentralized systems. For instance, Thailand's Village Fund Act of 2001 mandates regular audits, achieving an enforcement effectiveness rate of 35% in corruption cases (NADTC, 2022). The Philippines' Local Government Code imposes automatic sanctions on officials under investigation, resulting in a conviction rate of 28% (COA, 2023). In contrast, Indonesia's conviction rate is only 15% (Supreme Court, 2023), reflecting systemic deficiencies in law enforcement.

Indonesia's regulatory framework for village fund management, which includes Law No. 6 of 2014, Minister of Home Affairs Regulation No. 20 of 2018, and Minister of Finance Regulations No. 145 of 2023 and No. 108 of 2024, provides detailed provisions for fund planning, implementation,

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<sup>15</sup> Riana Mayasari et al., *Buku Referensi Akuntabilitas Alokasi Dana Desa Dan Pengelolaan Keuangan Desa* (Yogyakarta: Penerbit NEM, 2024), 11.

<sup>16</sup> Kiky Srirejeki and Agus Faturokhman, "In Search of Corruption Prevention Model: Case Study from Indonesia Village Fund," *Acta Universitatis Danubius. Economica* 16, no. 3 (2020).

<sup>17</sup> Endik Hidayat, *Oligarki Dalam Kekuasaan Di Pilkadaes* (Surabaya: Airlangga University Press, 2020), 57.

<sup>18</sup> R Abhiyasa and P Adab, *Kekuatan Penegakan Hukum : Polisi Dalam Mengatasi Tantangan Korupsi* (Yogyakarta: Penerbit Adab, 2024), 99, <https://books.google.co.id/books?id=xpn7EAAAQBAJ>.

<sup>19</sup> Syahrul Mustofa, *Kebijakan Dana Desa & Korupsi Dana Desa Dari Sabang Sampai Merauke* (Jakarta: Guepedia, 2020), 13.

and reporting.<sup>20</sup> From a legal standpoint, these regulations form a comprehensive normative structure. However, their effectiveness in preventing corruption remains limited.

The Village Consultative Body (BPD), mandated as an internal supervisory institution under Law No. 6 of 2014, lacks coercive authority and full access to financial documents<sup>21</sup>, which restricts its ability to promote accountability. Although sanctions for abuse of authority by village heads are stipulated in law, enforcement is inconsistent due to weak coordination among supervisory and law enforcement agencies. These weaknesses illustrate the gap between Indonesia's robust normative framework and its limited practical implementation in combating village fund corruption.<sup>22</sup>

Within the framework of Indonesia's regional autonomy system, decentralization under Law No. 23 of 2014 on Local government encourages villages to manage their finances independently.<sup>23</sup> Although this autonomy is intended to promote efficiency and local empowerment, it also creates opportunities for corruption due to weak vertical oversight by the central government and disparities in institutional capacity across regions. This situation aligns with fiscal decentralization theory, which suggests that delegating fiscal authority without strengthening local institutions increases moral hazard risks at the local level.

Vertical supervision by the Regional Inspectorate is constrained by limited personnel and budget. Data from the Ministry of Home Affairs indicate that only about 40% of villages are audited annually. At the same time, horizontal oversight by communities remains weak due to low legal literacy and limited access to information. A 2023 report from Indonesia Corruption Watch (ICW) found that only 30% of villages disclosed financial reports to residents, while 65% of corruption cases stemmed from inconsistencies between regulations and their implementation.

Quantitative data further show that out of approximately 74,954 villages in Indonesia, more than 187 cases of village fund corruption were prosecuted in 2022–2023, yet only 15% resulted in convictions. This demonstrates that although regulatory frameworks are in place, law enforcement remains ineffective. Weak enforcement is compounded by inadequate whistleblower protection. Despite the existence of Law No. 13 of 2006 on Witness and Victim Protection, many whistleblowers face intimidation due to the lack of safe reporting mechanisms at the village level.<sup>24</sup>

Although Law No. 6 of 2014 mandates transparency and accountability, it lacks detailed enforcement mechanisms, especially regarding administrative sanctions for village officials.<sup>25</sup> Variations in interpreting financial management regulations across regions lead to inconsistent implementation. Riswati (2020) found that although villages follow Minister of Home Affairs Regulation No. 20 of 2018, effective application depends on local capacity and officials' understanding. Erdianti et al. (2023) similarly note that the absence of legal integration between village and state finances contributes to differing regional practices.<sup>26</sup>

These inconsistencies are reflected in the growing incidence of village fund corruption. Despite the principles of transparency and accountability embedded in Laws No. 6 of 2014 and No. 23 of 2014, both vertical oversight by inspectorates and horizontal oversight by communities remain ineffective

Data from the Kompas Data Journalism Team show that between 2015 and 2024, 591 cases of

<sup>20</sup> Yudastio Yudastio and Niar Azriya, "Accountability, Transparency, and Participation in Village Fund Management," *Jurnal Sains Sosio Humaniora* 6, no. 1 (2022).

<sup>21</sup> Hepnu Nur Prihatmanto et al., "Recognising and Detecting Patterns of Village Corruption in Indonesia," *Integritas: Jurnal Antikorupsi* 8, no. 2 (2022): 205–20.

<sup>22</sup> Hedy Iskandar et al., "Criminal Liability for Abuse of Authority of Village Head That Resulted in Corruption Crime," *Locus Journal of Academic Literature Review*, 2023, 26–30.

<sup>23</sup> Tessa Talitha, Tommy Firman, and Delik Hudalah, "Welcoming Two Decades of Decentralization in Indonesia: A Regional Development Perspective," *Territory, Politics, Governance* 8, no. 5 (2020): 690–708.

<sup>24</sup> Sri Hudiari et al., "Legal Protection of Whistle Blower and Justice Collaborator Against Corruption in Indonesia," *Justice! Law Review Journal* 2, no. 02 (2023): 101–13.

<sup>25</sup> Riswati, "Analisis Pengelolaan Keuangan Desa Berdasarkan Peraturan Menteri Dalam Negeri Nomor 20 Tahun 2018 Tentang Pedoman Pengelolaan Keuangan Desa," *JEKP (Jurnal Ekonomi Dan Keuangan Publik)* 8, no. 1 (2021): 13–31.

<sup>26</sup> Nela Erdianti and Muhammad Rizqi Hilal Ilham Ramadhan, "Analisis Pengawasan Pengelolaan Keuangan Negara Terhadap Prinsip Transparansi Dan Akuntabilitas Berdasarkan Regulasi Pengelolaan Keuangan Desa," *Beleid* 1, no. 1 (2023): 1–16.

village fund corruption were adjudicated, involving 640 defendants and losses of IDR 598.13 billion.<sup>27</sup> Most offenders were village heads who engaged in fictitious reporting, substandard projects, and budget inflation. These trends reveal systemic weaknesses in enforcement, jurisdictional clarity, and regulatory integration that continue to hinder effective legal action.

The Principal-Agent Theory is highly relevant in explaining this issue. In village fund management, the public as the principal lacks adequate information and control mechanisms over village elites as agents, leading to information asymmetry and potential abuse of power.<sup>28</sup> Village deliberation forums, intended as participatory platforms for budget planning, often function only as formalities without genuinely reflecting community aspirations. Reports from Indonesia Corruption Watch (ICW) confirm that public participation in village meetings remains limited, particularly in transparency and citizen engagement.

## **2. Innovative and Participatory Legal Strategies for Enhancing Transparency and Accountability in Village Fund Management**

Building a transparent and accountable village fund management system requires a legal approach that is not only normative but also participatory, practical, and responsive to the sociological conditions of rural communities. Such an approach emphasizes strengthening the role of villagers as primary agents of public oversight, reforming local institutions, and realizing constitutional rights to information and justice.

One innovative strategy is the establishment of village resident alliances as collective bodies that conduct independent participatory audits of village finances. These audits are carried out autonomously by residents without waiting for formal inspections from institutions such as the Regional Inspectorate, which often emphasize administrative compliance rather than substantive financial evaluation.<sup>29</sup>

The legal foundation for citizen audits lies in Law No. 14 of 2008 on Public Information Disclosure, which guarantees the public's right to access information related to the planning, implementation, and accountability of public funds, including village funds.<sup>30</sup> Findings from these community-led audits are deliberated publicly, and any identified irregularities can serve as the basis for formal reports to law enforcement. This strategy reflects the principle of participatory democracy, positioning citizens as active stakeholders in promoting transparent and corruption-free village governance.

To enhance the quality of independent audits, village resident alliances should be permitted to engage independent financial auditors, such as Government Financial Auditors (AKP) or certified public accountants, to ensure professional and standardized procedures.<sup>31</sup> The involvement of qualified auditors allows for deeper and more objective evaluations, complementing the limited scope of Regional Inspectorate audits that often focus only on administrative aspects. Independent auditors also strengthen the credibility of audit findings through detailed, standards-based reports.

Regulatory reforms should facilitate community access to independent auditors without excessive bureaucracy. These legal adjustments need to define mechanisms for auditor selection, establish professional standards, and ensure institutional verification of audit results. With independent auditors participating, the findings of village resident alliances would carry greater legitimacy and

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<sup>27</sup> Kompas, "Why Does Village Fund Corruption Keep Recurring?," Litbang Kompas, 2025, <https://www.kompas.id/artikel/en-tak-boleh-jadi-bancakan-mengapa-korupsi-dana-desa-jalan-terus>.

<sup>28</sup> Rahima Purba et al., "Supervision of Village Financial Management: Will It Be in Parallel with the Development of Village Officials?(A Study of North Sumatra Province)," *Journal of Law and Sustainable Development* 11, no. 12 (2023): e1930–e1930.

<sup>29</sup> Muhammad Syukur Siregar, Syafruddin Ritonga, and Yanhar Jamaludin, "The Role of the Regional Inspectorate in Supervising Village Financial Management," *Journal La Sociale* 6, no. 2 (2025): 498–505.

<sup>30</sup> Hisar Siregar et al., "Resolution of Disputes on Disclosure of Public Information: Judicial Approach Through Adjudication and Litigation Based on the Law Number 14 of 2008 Concerning Openness of Public Information," *Golden Ratio of Law and Social Policy Review* 4, no. 2 (2025): 42–47.

<sup>31</sup> Edy Sujana, Komang Adi Kurniawan Saputra, and Daniel T H Manurung, "Internal Control Systems and Good Village Governance to Achieve Quality Village Financial Reports," *International Journal of Innovation, Creativity and Change* 12, no. 9 (2020).

serve as reliable counterparts to official inspections, thereby reinforcing accountability in village fund management.

Sustaining effective community oversight also requires capacity building through legal education and financial literacy programs adapted to local contexts.<sup>32</sup> Such initiatives should help residents understand budgeting cycles, detect irregularities, and follow proper legal reporting procedures. Community-based legal empowerment, as proposed by Stephen Golub, emphasizes that access to justice extends beyond formal institutions to strengthening legal awareness at the grassroots level.<sup>33</sup> Through this approach, villagers can transition from passive recipients to active guardians of public financial integrity.

Village fund oversight is also governed by Law No. 31 of 1999, particularly Chapter V, which emphasizes public participation in reporting suspected corruption and provides protection for whistleblowers. However, implementation at the village level remains weak due to low public awareness and the absence of secure, integrated reporting mechanisms.<sup>34</sup>

Government Regulation No. 12 of 2017 further specifies technical provisions for oversight, including financial audits by the Regional Inspectorate (Article 67) and capacity-building for village officials (Article 72). In practice, however, enforcement is hindered by overlapping authority and the lack of sanctions for local governments that neglect their supervisory duties.

A practical example of collective participation can be seen in the Village Anti-Corruption Forum in Grobogan Regency, Central Java. Established with support from Transparency International Indonesia and Sebelas Maret University (UNS), the forum conducts participatory audits through training in financial analysis, monitoring of infrastructure projects, and reporting findings to the Village Consultative Body (BPD) and the Regional Inspectorate. In 2023, the forum uncovered five cases of fund misuse, two of which advanced to legal proceedings.<sup>35</sup>

The integration of technology to enhance transparency must also account for rural infrastructure and human resource limitations. Therefore, technological solutions should be simple, accessible, and contextually appropriate. Effective tools include official village websites for publishing financial reports, social media platforms such as WhatsApp and Facebook for rapid information dissemination, and printed infographics displayed on village notice boards.

Using visual documentation, such as photos and videos taken before and after project implementation, offers a low-cost yet effective method of promoting public transparency. This approach is more practical than high-level technological solutions like blockchain, which remain costly and unsuitable for rural areas with limited internet access and technical capacity.

To strengthen deterrence against village fund corruption, an improved community complaint system is essential.<sup>36</sup> This system should guarantee whistleblower protection and ensure timely responses from authorities.<sup>37</sup> A practical model involves establishing complaint posts at the village level that are integrated with monitoring mechanisms at sub-district and district levels.<sup>38</sup> Reporting procedures must safeguard confidentiality, provide legal assistance, and include transparent follow-

<sup>32</sup> Asma Latifa, Aldri Frinaldi, and Roberia Roberia, "Penerapan Hukum Administrasi Negara Dalam Membangun Pemerintahan Yang Baik," *Polyscopia* 1, no. 3 (2024): 120–26.

<sup>33</sup> Kosmas Dohu, "Peranan Hukum Sebagai Alat Untuk Merubah Masyarakat Dalam Kehidupan Sehari-Hari," *Warta Dharmawangsa*, no. 49 (2016).

<sup>34</sup> Ester Yolanda Friska and Rizki Emil Birham, *Kompilasi Undang-Undang Nomor 31 Tahun 1999 Tentang Pemberantasan Tindak Pidana Korupsi Kompilasi Dengan Undang-Undang Perubahan, Peraturan Pelaksana, Dan Putusan Mahkamah Konstitusi* (Jakarta: Badan Keahlian Sekretariat Jenderal DPR RI, 2024).

<sup>35</sup> Inspektorat Grobogan, "Sosialisasi Program Pencegahan Tindak Pidana Korupsi Dan Pencanaan Desa Anti Korupsi Di Kabupaten Grobogan," Inspektorat Grobogan, 2024, [https://inspektorat.grobogan.go.id/index.php?option=com\\_content&view=article&id=277:sosialisasi-program-pencegahan-tindak-pidana-korupsi-dan-pencanaan-desa-anti-korupsi-di-lingkungan-pemerintah-kabupaten-grobogan&catid=17&Itemid=171](https://inspektorat.grobogan.go.id/index.php?option=com_content&view=article&id=277:sosialisasi-program-pencegahan-tindak-pidana-korupsi-dan-pencanaan-desa-anti-korupsi-di-lingkungan-pemerintah-kabupaten-grobogan&catid=17&Itemid=171).

<sup>36</sup> Nur Rohim Yunus and Latipah Nasution, "Optimalisasi Kinerja Komisi Pemberantasan Korupsi Dalam Penanggulangan Korupsi Dana Desa," *Justitia: Jurnal Ilmu Hukum Dan Humaniora* 9, no. 3 (2022): 1278–92.

<sup>37</sup> Erlin Indarti, "Penegakan Hukum, Perpolisian Masyarakat Dan Pewujudan Keamanan: Suatu Kajian Filsafat Hukum," *Masalah-Masalah Hukum* 51, no. 2 (2022): 141–52.

<sup>38</sup> Sri Hartati, "Penerapan Model New Public Management (NPM) Dalam Reformasi Birokrasi Di Indonesia," *Jurnal MSDA (Manajemen Sumber Daya Aparatur)* 8, no. 2 (2020): 65–84.

up actions.

This model aligns with the principles of an integrated enforcement system that promotes synergy between formal oversight institutions and civil society. Within this framework, residents act not as passive observers but as active participants in collaborative governance oversight.

Structural reforms in village governance regulations are also necessary to reinforce transparency and accountability.<sup>39</sup> Strengthening the authority of the Village Consultative Body (BPD) as a check-and-balance institution is a key step. The BPD should be empowered to reject non-participatory budget proposals, request clarification on questionable expenditures, and validate citizen audit findings as part of village deliberations.

This reform is consistent with the New Institutionalism paradigm, which emphasizes the importance of institutional design in promoting accountable governance. Existing regulations must also be strengthened through the strict enforcement of legal sanctions against village officials found guilty of fund misappropriation, as outlined in Articles 603–606 of the 2023 Criminal Code (KUHP).

The effectiveness of legal strategies in ensuring clean and accountable village fund management cannot be assessed solely by the existence of regulations but must also be evaluated through empirical data and public perception.<sup>40</sup> According to the 2023 report by Indonesia Corruption Watch (ICW), there were 187 cases of village fund corruption, resulting in financial losses of IDR 162.2 billion. Data from the Supreme Court further show that 61.52 % of convicted offenders were village heads or acting village heads, followed by village treasurers (10.6 %), civil servants or former civil servants (7.37 %), and private sector actors (5.99%).<sup>41</sup> Other participants included secretaries, community project leaders, and representatives of Village-Owned Enterprises (BUMDes), village facilitators, BPD members, and local organizations.

These findings reveal that the main issue lies not only in regulatory substance but also in the weak capacity and understanding of governance at the village level. Future legal strategies should therefore integrate structural and cultural approaches while promoting collective awareness that village fund oversight is a shared responsibility.

Building on comparative evidence, this study proposes a hybrid model that combines participatory approaches with context-sensitive technological adaptations. The experience of Grobogan Regency's Anti-Corruption Forum shows that community-based interventions can reduce fund misuse by up to 40%, though this remains below the Philippines' hybrid model, which integrates community oversight with centralized audit systems (COA). Simple technological tools, such as project visual documentation, have proven more effective than complex blockchain-based mechanisms used in Thailand, given Indonesia's rural infrastructure constraints.

### C. Conclusions

The effectiveness of regulations in preventing village fund corruption continues to face major implementation challenges. Although Law No. 6 of 2014 and Law No. 23 of 2014 emphasize transparency, accountability, and public participation, enforcement remains weak due to ineffective oversight mechanisms and limited community engagement. Data from the Supreme Court show that between 2015 and 2024, there were 591 adjudicated cases of village fund corruption involving 640 defendants, causing total state losses of IDR 598.13 billion. Most cases involved village heads through schemes such as fictitious reporting, substandard projects, and budget inflation.

These findings demonstrate that the problem extends beyond weak implementation to structural deficiencies in the legal framework, particularly regarding sanctions, regional interpretation, and

<sup>39</sup> Rudi Wijaya and Rika Septiana, "Penguatan Fungsi Badan Permusyawaratan Desa Dalam Perspektif Demokrasi (Studi Pada BPD Desa Karyamulyasari Kecamatan Candipuro Lampung Selatan)," *Mahadi: Indonesia Journal of Law* 1, no. 1 (2022): 125–39.

<sup>40</sup> Yully Liani, Dedi Takari, and Dicky Perwira Ompusunggu, "Analisis Efektivitas Kebijakan Pengelolaan Dana Desa Dalam Meningkatkan Perekonomian Masyarakat Di Kabupaten Gunung Mas Tahun 2022," *Jurnal Syntax Admiration* 5, no. 11 (2024): 4810–25.

<sup>41</sup> Muhammad Maulana, "Risiko Korupsi Pengelolaan Anggaran Desa," *ARMADA: Jurnal Penelitian Multidisiplin* 1, no. 3 (2023): 214–31.

regulatory integration. Future legal strategies must therefore strengthen participatory audit mechanisms, utilize appropriate digital transparency tools, and enhance legal literacy among village officials and oversight bodies. Without comprehensive legal and institutional reform, efforts to eradicate village fund corruption will remain fragmented and ineffective.

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