

Preventing Corruption in Bali's Customary Villages: How Do Regional Institutions Play a Role?

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Abstract

Customary villages are traditional institutions in Bali that have existed for centuries. The village has autonomy when it comes to managing its customary arrangements based on local traditions and wisdom, meaning that it does not have a hierarchical relationship with the government based on the state structure of the Republic of Indonesia. The Bali Province Government, a second-layer hierarchical government structure in Indonesia, applies a unique approach to performing relationships with customary villages in Bali as it has regularly supported the existence and activities of customary villages, including providing funding assistance. Unfortunately, several cases have shown the misuse of government funds. This article, therefore, identifies the practice of fraud and corruption in customary villages in Bali. Second, it analyses the role of the Customary Community Development Agency (DPMA) of the Bali Province Government in supervising the financial management of Bali's customary villages. Lastly, it supports the synergy between DPMA and the Representative Office of the Financial and Development Supervisory Agency (BPKP) of Bali Province in preventing corruption cases in the customary villages. The article applies empirical legal research, which involves collecting primary and secondary data and analyzing them using statutory, factual, and legal concept analysis approaches. The research suggests that fraud and corruption cases in customary villages cause a loss of government funds, harming the financial management of Village Credit Institutions (LPD), and involving the misuse of power. The provincial regulation authorizes DPMA to address this issue by monitoring how customary villages use the Bali Province Government grants. This paper then argues that the DPMA's role would be more effective if it adopted a more formal collaboration with the Representative BPKP in Bali Province through various joint programs that support the comprehensive efforts to prevent corruption in customary villages in Bali.

1. INTRODUCTION

Bali is a province in the Unitary State of the Republic of Indonesia which has carried out development by paying attention to the glorification of

customs, traditions, art, culture and local wisdom.¹ Bali recognises two types of village, namely administrative villages (*desa dinas*) and customary villages (*desa adat*).² While administrative villages were established after Indonesian independence, customary villages have existed for many centuries.³ This is reinforced by the norms of the customary village that are regulated through *awig-awig*,⁴ *pararem*⁵ and other customary regulations.⁶ Currently, there are 1,493 customary villages in Bali.⁷

A customary village is a type of village that originated naturally, and has embraced and been passed down through by the Balinese People, having existed since time immemorial.⁸ The main elements of the existence of customary villages consist of *prahyangan*, *pawongan* and *palemahan*⁹

¹ Law of the Republic of Indonesia No. 15 of 2023 concerning the Province of Bali, Art. 7(1).

² Dewi Kania Sugiharti and Ajie Ramdan, "Mewujudkan Desa Bebas Korupsi Melalui Pengelolaan Keuangan Desa Terpadu," *Jurnal Pandecta* 14, no. 1 (2019): 58. See also Dewa Ayu Agung Intan Pinatih and Malik Akbar Mulki Rahman, "Awig-Awig and Legal Awareness of Community: How Does Customary Law Provide Security for Local People and Aliens?," *The Indonesian Journal of International Clinical Legal Education* 2, no. 4 (2020): 495-496.

³ In Indonesia, the institution of villages was developed before the Dutch colonial era. See Dewi Kania Sugiharti, Zainal Muttaqin, Rully Herdita Ramadhani, "The Supervision of Village Fund Management to Prevent Corruption," *PJIH* 8, no. 3 (2021): 356. Even in Bali, the literature suggests that *desa adat/desa pakraman* (customary villages) have existed since 1,000 AD. See Danial Kelly and Wayan P. Windia, "Bali Mawacara: Is a Quasi-Common Law System Developing in Balinese Customary Law?" *Indonesia Law Review* 9, 3 (2019): 300.

⁴ *Awig-awig* is a Balinese term that means customary rule, both written and unwritten, which regulates the organisational structure of the social community in Bali, including in customary village. See Pinatih and Rahman, *op.cit.*, 494; Hoko Horii, "Pluralistic Legal System, Pluralistic Human Rights?: Teenage Pregnancy, Child Marriage And Legal Institutions in Bali," *The Journal of Legal Pluralism and Unofficial Law* 51 no.3 (2019): 299-300 ; I Made Suwitra et al., "Strengthening Balinese Customary Laws through *Awig-Awig* Writing in Pekutatan Negara Traditional Village," *ISSHE EAI* (2021): 2.

⁵ *Pararem* is a Balinese term for the elaboration of *awig-awig*. *Pararem* can be interpreted as implementing the regulations for an *awig-awig* or the decisions resulting from traditional village manner meetings, with binding power. Especially for *pararem*, it can be divided into three types, namely *pararem penyahcah awig*, *pararem pangele*, and *pararem panepas wicara*. See I Ketut Sukadana, Luh Putu Suryani, Ni Made Puspasutari Ujianti, "Pararem Letter to Increase Community Legal Awareness in Apuan Traditional Village, Bali," *Community Service Journal of Law* 1, no. 2 (2022): 96.

⁶ Luh Rina Apriani and Anna Erliyana, "Desa Adat Provincial Law: Existence Strengtening Or Power Flexing?," *Indonesia Law Review* 10, no. 1 (2020): 8.

⁷ Satu Data Indonesia Provinsi Bali, "Rekapitulasi Jumlah Kecamatan Desa Adat Banjar Adat dan Banjar Dinas Per Kabupaten Kota 2020," <https://balisatudata.baliprov.go.id/laporan/rekapitulasi-jumlah-kecamatan-desa-adat-banjar-adat-dan-banjar-dinas-per-kabupatenkota-2020?year=2019>.

⁸ Ida Bagus Sudarma Putra, "Community Legal Awareness and Customary Sanction to Prevent Littering: How Penglipuran Village in Bali Makes Efforts?," *Udayana Journal of Law and Culture* 6, no. 1 (2022): 25.

⁹ *Parahyangan* is the harmonious relationship between the members of the customary village (*Krama Desa Adat*) and God (*Hyang Widhi Wasa*) within the bond of the village temples (*Kahyangan Desa*) and/or the three main temples (*Kahyangan Tiga*). *Pawongan* is the harmonious social system among the members (*Krama*) within the customary village (*Wewidangan Desa Adat*). *Palemahan* is the system of harmonious relationships between

which are the embodiment of the *Tri Hita Karana* philosophy in Hinduism.¹⁰ These villages primarily carry out socio-religious functions and are directly responsible to the villagers, underscoring their community-centric nature. Customary communities are never separated from the philosophies of life that have become one soul in their community.¹¹ Each customary village has its own unique organisational and membership practices, inherited from their ancestors and developed based on their local wisdom.

The state recognises and respects the customary law communities along with their traditional rights.¹² Customary villages are also entitled to receive an allocation of the State Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Negara/APBN*) to finance government administration, development, and community empowerment for the customary villages. This is as well as financial assistance from the Regional Revenue and Expenditure Budget/RREB (*Anggaran Pendapatan dan Belanja Daerah/APBD*) of the provincial and regency/city governments.¹³ In 2024, the Bali Provincial Government planned a budget for the Program of Advancement of Bali Customary Society of IDR 466.8 billion (equivalent¹⁴ USD \$28,808,199.69).¹⁵

According to Article 71(1) of the Bali Provincial Regulation 4/2019, it is stated that the *Prajuru*¹⁶ (administrator of customary village) must not

the members and the environment within the customary village. See Regional Regulation of the Bali Province No. 4 of 2019 concerning Customary Villages (Bali Provincial Regulation 4/2019), Art. 7, Art. 8, and Art.10.

¹⁰ Wayan P. Windia, *Mengenal Hukum Adat Bali, Tabanan*, (Bali: Pustaka Ekspresi, 2023), 123. Tri Hita Karana is the spiritual belief in a harmonious relationship which has three elements: *parahyangan*, *pawongan*, and *palemahan*. Putu Devi Rosalina et.al, "Rural Tourism Resource Management Strategies: A Case Study of Two Tourism Villages in Bali," *Tourism Management Perspectives* 49 (2023): 6, 8.

¹¹ Iwan Permana et al, "Socio-Cultural Approach on Disaster Risk Management of Sirnaresmi Customary Village, West Java," *Research Horizon* 1, no. 4 (2021): 138.

¹² Such recognition and respect is guaranteed in the context of the Unitary State of the Republic of Indonesia (*Negara Kesatuan Republik Indonesia/NKRI*) and the substance of customary norms does not contradict the law. See The 1945 Constitution of the Republic of Indonesia, Art.18B (2) and Law of the Republic of Indonesia No. 3 of 2024 concerning the Second Amendment to Law No. 6 of 2014 Concerning Villages (Law 3/2024), Art. 97(4)(b).

¹³ Law 3/2024, Art. 72(1)(b) and (e) and its elucidation.

¹⁴ This paper uses the assumption of the rupiah exchange rate against the dollar according to *Buku II Nota Keuangan Beserta Anggaran Pendapatan dan Belanja Negara Tahun Anggaran 2024* (Book II Financial Notes along with the State Revenue and Expenditure Budget for Fiscal Year 2024), 1-17, 1-28. Therefore, IDR 15.000 is equivalent to USD 1.

¹⁵ Regional Regulation of the Bali Province No. 14 of 2023 Concerning the *Semesta Berencana* Regional Revenue and Expenditure Budget for the Province of Bali for the 2024 Fiscal Year, Annex VII, p.5.

¹⁶ *Prajuru* is a Balinese term, which refers to an administrator. Therefore, *prajuru desa adat* means administrator of a customary village. See Governor of Bali Regulation No. 2 of 2023 concerning Second Amendment to Governor of Bali Regulation No. 34 of 2019 concerning Financial Management of Customary Villages in Bali (Governor of Bali Regulation 2/2023), Art. 1(9)

abuse their authority in managing the finances of the customary village. Unfortunately, several cases show that customary villages have misused government funds. This includes an allegation of falsifying financial reports of the Special Financial Assistance funds (*Bantuan Keuangan Khusus/BKK*) sourced from the Bali Province Government. There have also been cases of the misuse of power by customary leaders who have extorted money from investors who wish to invest in their village territory. The most common financial issue is fraud in the Village Credit Institutions (*Lembaga Perkreditan Desa/LPD*).¹⁷ Any financial misuse and corruption in the customary villages impacts the welfare of customary communities. It will weaken the operational administration, development, community development, and empowerment of customary villages.¹⁸ *Pamidanda* (customary sanction), in particular *arta pamidanda* (fine),¹⁹ is the most common customary punishment imposed on the perpetrator.²⁰ The lack of sanctions to impose on the members of customary villages who commit corruption seems to contribute to the law enforcement, which applies the state's law and regulations.

This paper argues that a regionally-based institutional approach is needed to prevent corruption in cultural villages. First, regional institutions, along with their role and responsibilities, are legitimate organs under an administrative system in each region. Second, regional institutions are run by well-trained apparatuses skilled in governmental matters, including financial management. Third, regional institutions may bridge the state institutions' formality and customary villages' autonomous character. It further argues that the Customary Community Development Agency (*Dinas Pemajuan Masyarakat Adat/DPMA*) of Bali Province is the most appropriate regional institution to prevent criminal corruption acts that would potentially harm customary villages.

DPMA is an agency established in 2019 that was given the responsibility of carrying out government affairs in the advancement of

¹⁷ The source of information regarding the falsification of the *BKK* fund and the extortion practice by customary village leaders and fraud in *LPD* will be presented in Part 2.1.

¹⁸ Governor of Bali Regulation 2/2023, Art. 1 (20).

¹⁹ *Pamidanda* is a Balinese term referring to customary sanctions which can be classified into (1) *arta danda* (a fine in the form of various objects that have economic value or in the form of money); (2) *sangaskara danda* (a fine in the form of performing certain Hindu-Bali ceremonies); and (3) *jiwa danda/atma danda* (a sanction related to the life/soul of the guilty person) See I Putu Sudarma, "Breaking the Tradition: Exogamy Marriage in Tenganan Village, Bali," *Utopia and Latin American Praxis* 25, no. 1 (2020): 201-202.

²⁰ See for example I Made Anjol Wiguna, Anantawikrama Tungga Atmadja, and Gede Adi Yuniarta. "Fraud dalam Pengelolaan Keuangan Desa Adat," *Jurnal Ilmiah Akuntansi dan Humanika* 12, no. 3 (2022): 550.

customary villages in Bali.²¹ DPMA, among other things, has the function of formulating technical policies and implementing policies in the advancement of customary communities which are the province's authority, as well as coordinating the implementation of the activities of the Customary Village Council (*Majelis Desa Adat/MDA*).²² It must be emphasised that DPMA was not primarily created to be responsible for preventing corruption in customary villages. However, referring to the organisational structure of DPMA, a division is assigned to coordinating policy formulation, policy implementation, and monitoring and evaluation regarding the financial governance of customary villages.²³ Such a division may then potentially be involved in any efforts of prevent corruption in customary villages.

Considering that DPMA has no competence in auditing, this paper is of the opinion that it needs to collaborate with another regional institution, namely the Finance and Development Supervisory Agency (*Badan Pengawasan Keuangan dan Pembangunan/BPKP*) which is part of the Government Internal Supervisory Apparatus (*Aparat Pengawas Internal Pemerintah*). The BPKP carries out tasks auditing the nominal losses of state finances within the internal scope of the government²⁴ and conducts pre-emptive and preventive supervision, which is categorised as the function of coaching government institutions.²⁵ It also has the function of preventing corruption in the use of regional budgets.²⁶

It is assumed that DPMA and BPKP can jointly evaluate the budget received by customary villages, monitor the implementation of financial management at the village level, and prevent corruption cases in customary villages in Bali Province. Therefore, this paper expects cooperation between DPMA and the Representative Office of BPKP of Bali Province (BPKP Bali) in the prevention of corruption cases in customary villages in Bali.

Aprillia and Usman (2023) revealed that local government governance is influenced by the significant role of supervision in financial accountability

²¹ Regional Regulation of Bali Province No. 7 of 2019 concerning amendments to Regional Regulation No. 10 of 2016 concerning Formation and Composition of Regional Apparatus, Art. 3(1)(d) (15).

²² Governor of Bali Regulation No. 71 of 2022 concerning Position, Organizational Structure, Duties and Functions, and the Work Procedures of Regional Apparatus within the Bali Provincial Government (Governor of Bali Regulation 71/2022), Annex XV. B.

²³ *Ibid*, Art. 24 (1) (d) and Annex XV.C.3 (f), (g), (h), and (i)

²⁴ Mohammad Diky Andika Irawan and Siti Khodijah, "Kewenangan Badan Pengawas Keuangan dan Pembangun (BPKP) dalam Menentukan Kerugian Keuangan Negara pada Kasus Tipikor," *Rechtenstudent Journal* 2, no. 3 (2021): 284.

²⁵ Naomi Catherine Felencia, "Pengawasan dalam Badan Pengawasan Keuangan dan Pembangunan (BPKP) terhadap Keuangan Negara Berdasarkan Peraturan BPKP," *Law, Development & Justice Review* 5, no. 2 (2022): 223.

²⁶ Presidential Regulation No. 192 of 2014 concerning Financial and Development Supervisory Agency (Presidential Regulation 192/2014), as last amended by Presidential Regulation No. 20 of 2023, Art. 3.

and the supervision of internal control quality.²⁷ Sitompul et al. (2022) analyses the role of regional inspectorates and the BPKP in enforcing the law related to the alleged corruption crimes committed by regional civil servants.²⁸ The prevention of corruption in administrative villages (*desa dinas*) has been widely discussed.²⁹ Rado and Betaubun (2023) propose culture-based anti-corruption values by exploring the local wisdom of the Kei island's customary society.³⁰ Karsono and Syauket (2022) revealed the efforts of Kutuh customary village to achieve the predicate of being an anti-corruption village, and the richest in Indonesia, as demonstrated by the synergy between the Head of Kutuh Customary Village (*Bendesa Adat*) and the Head of the Village Administrative Department (*Perbekel*).³¹ The disparity of this study from the previous research lies in its emphasis on the role of the DPMA of Bali Province and the BPKP in preventing corruption in customary villages in Bali. Therefore, this article seeks to identify the practice of fraud and corruption in customary villages in Bali. Second, it aims to analyse the role of the DPMA of Bali Province in relation to supervising the financial management of Bali's customary villages. Lastly, it supports the synergy between DPMA and BPKP Bali in preventing corruption cases in customary villages in Bali.

This article applies empirical legal research,³² which follows four steps, specifically designing research, collecting and coding the data, analysing the data, and communicating the data and results.³³ It collected both primary and secondary data. Primary data was obtained from interviews with the Investigation Division of the BPKP Bali and DPMA officials. The secondary

²⁷ Yolinda Aprillia and Fadlil Usman, "Pengaruh Peran Pengawasan atas Akuntabilitas Keuangan dan Pengawasan atas Kualitas Pengendalian Intern terhadap Tata Kelola Pemerintah Daerah," *Jurnalku* 3, no. 4 (2023): 412.

²⁸ Novita Polina Sitompul, Alvi Syahrin, M. Ekaputra, et al, "Peran BPKP dan Inspektorat Daerah Dalam Penegakan Hukum Tindak Pidana Korupsi Yang Dilakukan oleh PNS Daerah (Studi Putusan Kasasi Mahkamah Agung Nomor 2247. K/Pid.sus-K/2013)," *Jurnal Pencerah Bangsa* 2, no. 1 (2022): 59.

²⁹ Sugiharti and Ramdan, *op.cit.*, 59, 68-71. See also Putu Delia Ayusyara Divayani, Ketut Rai Setiabudhi and Gede Artha, "Community Local Wisdom in Prevention and Eradication of Village Fund Corruption," *Research Journal of Humanities and Cultural Studies* 1, no. 3 (2022): 7-8.

³⁰ Rudini Hasyim Rado and Restu Monika Nia Betaubun, "Anti-Corruption Culture: Maren and Yelim's Perspective on Kei Society," *SASI* 29, no. 1 (2023): 129-131.

³¹ Amalia Syauket and Bambang Karsono, *op.cit.*, 415.

³² The empirical legal research in this paper does not apply the quantitative approach, but it does analyse how the law, both official written law and the customary rules in Bali, are actually applied in society. See the discussion regarding this method in Peter Mascini and Wibo van Rossum, "Empirical Legal Research: Fad, Feud or Fellowship?," *Erasmus Law Review* 2 (2018) 89-90 and Sartika Intaning Pradhani, "Various Insights Highlighting the Significance of Empirical Studies in Customary Legal Research (Beberapa Catatan tentang Pentingnya Penelitian Hukum Adat Empiris)," *The Indonesian Journal of Socio-Legal Studies* 3, no. 1 (2023): 5-6, 11-12.

³³ Lee Epstein and Andrew D. Martin. *An Introduction to Empirical Legal Research* (New York, United States of America: Oxford University Press, 2014), 8-14.

data was gained from the laws and regulations related to the institutions' roles in resolving corruption cases. The data was then analysed using the statutory, factual, and legal concept analysis approaches. The statutory approach was used to analyse the existing legal provisions. Next, the factual approach was used to examine the implementation of the current legal provisions in response to the actual situation in society. Lastly, the legal concept analysis approach was needed to assess any relevant legal provisions and to analyse the situation in society. Perspectives on BPKP were gained during the internship program on which the first and second authors were interned, and their academic supervisor represented the Faculty of Law Udayana University in BPKP Bali from September 2023 until January 2024.³⁴

2. RESULT AND ANALYSIS

2.1. Fraud and Corruption in Customary Villages in Bali

Customary village financial management consists of planning, budgeting, implementation, reporting, and accountability activities.³⁵ In recent years, customary villages in Bali have been spotlighted due to several cases of fraud and corruption which have generally been caused by a lack of financial management and the misuse of powers. Fraud and corruption are two terms which cannot be easily defined due to various perspectives when it comes to conceiving and understanding them. These terms appear to be of great interest to accounting actors.³⁶ However, the term 'fraud' is considered to have a broader meaning than corruption, because corruption is part of fraud.³⁷ The following paragraphs will demonstrate examples of such financial matters in customary villages.

The Buleleng State Prosecutor's Office has prosecuted two *Prajuru* of Tista Customary Village, Busungbiu District, Buleleng Regency, Bali. They were allegedly falsifying financial reports of the Special Financial Assistance funds (*Bantuan Keuangan Khusus/BKK*), sourced from the Bali Province Government between 2015 and 2022, which are estimated to have caused a loss of IDR 300.000.000,00 (equivalent to USD \$18,564.05). Shockingly, the

³⁴ See Ni Komang Windu Rejeki, "Harmonisasi Perwakilan BPKP dengan Dinas PMA dalam Upaya Penanggulangan Korupsi pada Dana Desa Adat di Provinsi Bali (Harmonization of BPKP Representative with the DPMA in Efforts to Overcome Corruption in Customary Village Funds in Bali Province)," Report of Internship MBKM, Faculty of Law Udayana University, Denpasar, 2024 and Udayana University, "Udayana University's MBKM Certified Internship Program at BPKP Bali Province is Officially Closed," Biro Akademik, Kerjasama, dan Hubungan Masyarakat, 18 January 2024, <https://www.unud.ac.id/en/berita6240-Udayana-University-s-MBKM-Certified-Internship-Program-at-BPKP-Bali-Province-is-Officially-Closed.html>

³⁵ Governor of Bali Regulation 2/2023, Art. 1 (8).

³⁶ Massimo Sargiacomo et.al, "Auditing for Fraud and Corruption: A Public-Interest-Based Definition and Analysis," *The British Accounting Review* 56, no. 2 (2024): 1, 3.

³⁷ Bobby Hartadhy Toeweh, "Literature Review: Akuntansi Forensik untuk Deteksi Korupsi," *Studi Akuntansi, Keuangan, dan Manajemen* 2, no. 2 (2022): 141

falsification included the construction of a wall of a sacred temple, which was initially stated as being funded by a contribution of IDR 130.000.000,00 (equivalent to USD \$8,036.62) from the villagers. However, the suspects falsely claimed in the financial report that the temple's funding came from BKK funds.³⁸

A recent case, although it does not involve the state budget, reflects the misbehaviour of the head of a customary village. On May 2, 2024, the Bali High Prosecutor's Office arrested the Head (*Bendesa*)³⁹ of Berawa Customary Village, Badung, in a sting operation, who was suspected of extorting IDR 10 billion (equivalent to USD \$618,201.71) from investors. He was arrested for extortion in a transaction between a buyer and landowner selling land located in Berawa Village, Badung Regency, Bali. He is now being prosecuted under Article 12 letter e of the Corruption Eradication Act with a maximum of 20 years in prison and a fine of IDR 200.000.000,00 (equivalent to USD \$12,364.03).⁴⁰

A similar situation is also faced by Village Credit Institutions (*Lembaga Perkreditan Desa/LPD*), an institution in customary villages in Bali that is officially recognised by the Bali Provincial Regulations.⁴¹ The LPD itself is not a bank. However, it applies financial management that is generally practised in banks. The LPD has helped boost the economy of customary communities so far.⁴² However, several managers or administrators of LPD have been prosecuted and determined to be guilty of mismanagement and/or corruption due to allegations of the embezzlement of client funds.⁴³ Further, the media has reported massively about LPD administrators being charged with criminal acts of corruption due to state financial losses, which has reduced the level of trust of customary society in the LPD.⁴⁴ The bad practices of fraud in LPD require effective internal

³⁸ Sukasah Brata, "Kelian-Bendahara Desa Adat Tista Ditetapkan Tersangka," <https://www.rri.co.id/daerah/348338/kelian-bendahara-desa-adat-tista-ditetapkan-tersangka>.

³⁹ *Bendesa* is a Balinese term, referring to the Chief Administrator of a customary village. See Governor of Bali Regulation 2/2023, Art. 1(10)

⁴⁰ Rolandus Nampu "Kejati Bali Tetapkan Bendesa Adat Berawa jadi Tersangka," [Kejati Bali tetapkan Bendesa Adat Berawa jadi tersangka - ANTARA News](#).

⁴¹ Regional Regulation of the Bali Province No. 3 of 2017 concerning Village Credit Institutions, Art. 1 and Bali Provincial Regulation 4/2019, Art. 60(1). See also I Ketut Widia, "Measuring the State Losses in Corruption Cases at the Village Credit Institutions in Bali," *SASI* 28, no. 2 (2022): 226.

⁴² I Nyoman Sujana and Leonito Ribeiro, "Dilemmas of Bad Loan Settlement of Village Credit Institution (Lembaga Perkreditan Desa) in The Covid-19 Pandemic Situation," *Jurnal IUS Kajian Hukum Dan Keadilan* 10, no. 2 (2022): 368.

⁴³ Luh Putu Yeyen Karista Putri and Eric Gordon Withnall, "Protecting the Village Credit Institution: Should Traditional Communities Adopt Modern Financial Management Practices?" *Udayana Journal of Law and Culture* 2, no. 2 (2018): 126.

⁴⁴ I Nyoman Darmayasa, "Realitas Audit Umum dan Investigasi Pada Lembaga Perkreditan Desa," *Jurnal Akuntansi Multiparadigma* 14, no. 1 (2023): 102.

control and the implementation of good governance.⁴⁵ This leads to a concern that the LPD's management should improve their competence, skill, and knowledge of policies, rules, and guidelines as part of implementing the managers' duties.⁴⁶

Any financial misuse and corruption in the customary villages certainly impacts the welfare of the surrounding customary communities. It will weaken the operational administration, development, community development, and empowerment of the customary villages through *Baga Parahyangan*, *Baga Pawongan*, and *Baga Palemahan*.⁴⁷ Unfortunately, the customary law of Bali has not developed specific customary sanctions to impose on individuals who commit corruption. Customary villages usually impose sanctions on someone whose behaviour affects the religio-magical balance according to customary law. Criminal sanctions in the form of imprisonment are also not very common in customary law for punishing corrupt individuals.⁴⁸

Prabowo and Cooper (2016) argued that any corrupt act in an organisation will most likely cause cognitive dissonance among its perpetrators. When an organisation and its leadership tolerate such acts, corruption will gradually become part of daily practice and embedded within its structure and culture.⁴⁹ The corrupt nature of the damaged integrity of an individual is supported by a poor system and the inefficient control that contributes to the leakage of the state's budget.⁵⁰ However, it must be understood that corruption in a village-level organisation is not always because of the *mens rea* (intention) of the perpetrator. It can also occur due to limited capabilities and unpreparedness when managing the budget granted by the government. Wiguna, Atmadja, and Yuniarta (2023) studied

⁴⁵ Sri Rahayu and I Putu Gede Diatmika, "Implementation of Good Governance on Fraud Prevention at Village Credit Institutions Buleleng Regency," *Valid: Jurnal Ilmiah* 21, no.1 (2023): 33-35.

⁴⁶ Ni Nyoman Padmawati, "Determinants of Economic Loss of Village Credit Institutions and their Policies," *Journal of Tourism Economics and Policy* 1, no. 3 (2022): 99. See also Ni Ketut Rasmini, "The Effect of Compensation Suitability, Situational Leadership Style, Effectiveness of the Supervisory Board and Tri Hita Karana Culture on the Tendency of Fraud in LPD," *International Journal of Social Science and Business* 7, no. 3 (2023): 703-704.

⁴⁷ Governor of Bali Regulation 2/2023, Art. 1 (20).

⁴⁸ Sidik Sunaryo and Sholahuddin Al-Fatih, "How Corruptor Should Be Punished? A Comparative Study Between Criminal Law, Islamic Law, and Customary Law," *International Journal of Criminal Justice Science* 17, no. 2 (2022): 98-99.

⁴⁹ Hendi Yogi Prabowo and Kathie Cooper, "Re-understanding Corruption in the Indonesian Public Sector through Three Behavioral Lenses," *Journal of Financial Crime* 23, no. 4 (2016): 1033.

⁵⁰ As a result, corruption should be eradicated using a multidisciplinary approach throughout a strong monitoring system, as well as essential flexibility in the implementation of rules and legislations. See Nandha Risky Putra and Rosa Linda, "Corruption in Indonesia: a Challenge for Social Changes," *Integritas: Jurnal Antikorupsi* 8, no. 1 (2022): 19.

fraud in the financial management of Jimbaran Customary Village. They identified several factors that could cause fraud in the customary village's financial management, including a lack of critical attitude among the *krama* (members of customary village), which enabled the financial managers to commit fraud freely. This is as well as the weak rules and governance of the *padruwen* (assets) belonging to the customary village, and cultural influences, rationalisation attitudes, and cultural capital factors.⁵¹

2.2. The Role of DPMA in Preventing Corruption in Bali's Customary Villages

2.2.1. Task and Function of DPMA

DPMA is one of the breakthroughs of the Bali Provincial Government in bridging relations between the state and indigenous communities, especially traditional villages in Bali. Regional governments in Indonesia generally do not have specific legal guidelines for developing and supervising the institutional relationships between customary villages and administrative villages, as is the case with the DPMA in Bali Province.⁵² In 2019, Bali Provincial Regulation 4/2019 was enacted to regulate all aspects of customary villages, such as its roles, authorities, membership, and revenue management.⁵³ Based on article 5 Bali Provincial Regulation 4/2019, customary villages are conferred the status of legal subjects. It entails that Bali as an autonomous region consists of the provincial government, the regency/city governments, and the village governments consisting of the administrative village government and customary village government.⁵⁴ This was followed by another regulation through Provincial Regulation No. 7 of 2019,⁵⁵ which authorised the establishment of a new department under the provincial government called the DPMA.⁵⁶

The detailed duties of the DPMA Office are outlined in Governor of Bali Regulation 71/2022.⁵⁷ The Head Division of Customary Village Governance Development (*Kepala Bidang Pembinaan Pemerintahan Desa Adat*) of DPMA is assigned to coordinate policy formulation, policy implementation, as well as monitoring and evaluation regarding the financial governance of

⁵¹ Wiguna, Atmadja, and Yuniarta, *op.cit.*, 552-556.

⁵² Henny Yuningsih et.al, "Studi Kasus Pengaturan Hubungan Kelembagaan Pemerintahan Desa-Birokrasi Dengan Desa-Adat di Wilayah Provinsi Bali," *Jurnal Supremasi* 12, no. 1 (2022): 38.

⁵³ Bali Provincial Regulation 4/2019, Art. 3(1).

⁵⁴ Muhammad April, Muammar Alkadafi, and Muh. Said. 2023, "Hukum Adat dalam Penyelenggaraan Pemerintahan Desa Adat di Kabupaten Siak Provinsi Riau dan Provinsi Bali". *Jurnal Hukum IUS QUIA IUSTUM* 30, no.2 (2023): 410-411.

⁵⁵ Regional Regulation of Bali Province No. 7 of 2019 concerning Formation and Composition of Regional Apparatus, Art. 3(1).

⁵⁶ Made Yaya Sawitri, I Gusti Agung Ayu Yuliartika Dewi and I Putu Eka Mahardika. *Bureaucratisation of Indigenous Organisation: Study of Adat-based Covid-19 Prevention Task in the Adat Village of Denpasar* (Denpasar: EAI, 2022), 94.

⁵⁷ Governor of Bali Regulation 71/2022, Annex XIV.

customary villages.⁵⁸ Besides, the Head Division of the Customary Village Economic Development (*Kepala Bidang Pembinaan Perekonomian Desa Adat*) of DPMA has the duties, among others, to coordinate the implementation of policy formulation, as well as mentoring, facilitating, and evaluating the development of LPD and BUPDA and customary village economic cooperation.⁵⁹

In overseeing the financial governance of customary villages, particularly in the formulation of policies, DPMA has an obligation to adopt the following three documents:

1. Technical guidelines for the Budget Plan for Customary Villages.⁶⁰
2. Technical guidelines for the preparation of the annual Budget Plan for Customary Villages.⁶¹
3. Technical instructions in the ABPD related to the allocation of finances/budget for customary villages in Bali in the form of grants.⁶²

In September 2022, DPMA planned to improve the financial management quality of customary villages, among others, through increasing the supervision of the use of funds for strengthening the customary village which are sourced from the APBD of Bali Province.⁶³ In 2023, DPMA conducted outreach, assistance, and technical guidance activities regarding Customary Village Financial Management, which were expected to encourage the improvement of the quality of governance of customary villages in Bali.⁶⁴ DPMA has also conducted a Coordination Meeting for the Monitoring and Evaluation of the Use of Fund for the Fiscal Year 2023 that was attended by the Heads of MDA at the provincial, regency/city, and district levels on November 14, 2023. This coordination meeting was conducted to ensure that the grant funds provided to MDA Bali were used for accountability in the planning, implementation, and accountability stages, effectively and efficiently.⁶⁵

⁵⁸ *Ibid*, Art. 24 (1) (d) and Annex XV.C.3 (f), (g), (h), and (i).

⁵⁹ *Ibid.*, Annex XV, Section XIV.V.4. (f), (g), and (h).

⁶⁰ Governor of Bali Regulation 2/2023, Art. 18 (3).

⁶¹ *Ibid.*, Art. 18A (4).

⁶² *Ibid.*, Art. 20 (2).

⁶³ Customary Community Development Agency of Bali Province. Final Plan to the Work Plan Adjustment of Customary Community Development Agency of Bali Province Year 2022, 38.

⁶⁴ Customary Community Development Agency of Bali Province, "Regional Government Agency Performance Report of 2023 at the Customary Community Development Agency of Bali Province," 28.

⁶⁵ Dinas Pemajuan Masyarakat Adat, "Rapat Koordinasi Monitoring dan Evaluasi Dana Hibah MDA Bali Tahun Anggaran 2023," <https://dpma.baliprov.go.id/umum/rapat-koordinasi-monitoring-dan-evaluasi-dana-hibah-mda-bali-tahun-anggaran-2023/>.

2.2.2. The Role of DPMA in Monitoring the Financial Management of Bali Customary Villages

Customary village funds play a significant role in preserving Bali's cultural heritage. These funds have motivated the customary community to participate actively and monitor the distribution of resources to ensure they benefit the customary village, aligning with the customary village's objectives and aspirations. The effectiveness of these funds is evident in the religious ceremonies held in each customary village. By providing financial support for traditional rituals, these funds help alleviate the financial burden of the community. Additionally, the revenues generated support the maintenance of important facilities such as *wantilan* (community halls), temples, and event venues.⁶⁶

The village income must be managed properly in the sense that it is planned to be accounted for optimally in accordance with the work plan that has been previously set. Customary villages are now entitled to receive a minimum of IDR 300,000.000 per year (equivalent to USD \$18,564.05).⁶⁷ The role of the DPMA Office was stipulated in Article 29 of Governor of Bali Regulation 2/2023, regarding the handling of customary villages in the form of the guidance and supervision of the financing of customary villages by regional apparatus. The handling of customary villages can involve the formation of teams by the village apparatus as part of carrying out the guidance and supervision. The sources use the revenue of the customary villages. The results of the implementation of guidance and supervision are reported by the regional apparatus to the Governor.⁶⁸ The management of funds implies the risk of errors in both administrative and substantive matters. Errors are generally caused by the incompetence of the customary villages in financial administration, reporting, and accountability.

The efforts of DPMA to fulfil its role in monitoring the financial management of customary villages in Bali Province includes providing guidance and oversight on the finances of the customary villages. One of the sources of income received by the customary villages is provided by the Bali Province Government. This income is one of the revenue sources whose management is monitored by DPMA. In carrying out its duties, DPMA aligns the activities of MDA to mediate disputes that cannot be resolved at the customary village level.⁶⁹

The funding source comes from the allocation of the APBD of Bali Province through grants from the Governor, facilitated by DPMA as the

⁶⁶ Komang Krisna Heryanda et al., "Advancing Customary Village Development in Bali Through Community Participation: Do Village Government Roles Matter?" *AROE* 6, no. 1 (2023): 43.

⁶⁷ Made Yaya Sawitri et al, *loc.cit.*

⁶⁸ Governor of Bali Regulation 2/2023, Art. 29.

⁶⁹ Governor of Bali Regulation 71/2022, Annex XIV.

Regional Apparatus responsible for customary villages, based on Article 26 paragraph (1) of Governor of Bali Regulation 2/2023.⁷⁰ In this regard, DPMA has transitioned from manual reporting to online reporting using the Customary Village Financial Information System (SIKUAT) application.⁷¹ The customary village chief reports the income used, which comes from the allocation of the Comprehensive Provincial Budget through grants. All supporting expenditure evidence is uploaded to the SIKUAT application.

When a customary village fails to input data within the specified deadline, DPMA sends reminders to the customary village's administrative staff and the head of the customary village. Subsequently, DPMA carries out a validation of the data and reports submitted by all customary villages. At this stage, DPMA may check any potential misappropriation of funds using a sampling method for a minimum of five customary villages per district (*kecamatan*) at least once a year. In 2023, this sampling was conducted twice. The sampling method was chosen due to a limited number of human resources to seek information from, encompassing a total of 1,493 customary villages.⁷² This sampling method has led to suboptimal financial report checks by DPMA, as some villages are excluded from the verification process.

2.3. The Need for a Collaboration between Regional Institutions to Prevent Corruption in Bali Customary Villages

2.3.1. The Authority of BPKP

The government's internal control system (*Sistem Pengendalian Intern Pemerintah/SPIP*) was set up to minimise fraud commission by the misstatement of accounting records and the misuse of assets in local governments. In addition, the government's internal supervisory apparatus (APIP), namely BPKP and the inspectorate, has the authority to prevent and detect fraud by conducting various audits. It must be underlined that such an internal audit may function optimally in preventing fraud when the auditor has professional competence and expertise in evaluating and managing fraud risk.⁷³

⁷⁰ Governor of Bali Regulation 2/2023, Art 26.

⁷¹ SIKUAT is a monitoring application for the program of work in customary villages funded by the Bali Provincial Government, in line with the vision and mission of the provincial government. In the Sikuat application, village administrators can enter data related to income, budget expenditures, all supporting expenditure evidence, and accountability reports. The uploaded data is then examined and validated by administrators from the DPMA Office. Satu Data Indonesia Provinsi Bali. "Sikuat," <https://balisatudata.baliprov.go.id/application/sikuat>

⁷² I Putu Andhika Putra, "The Role of the Customary Community Development Agency in Preventing and Addressing Cases of Criminal Corruption." Interview by Ni Komang Windu Rejeki, DPMA Bali Province, December 14, 2023.

⁷³ Miryam Pingkan Lonto et.al, "The Effectiveness of Internal Audit for Fraud Prevention," *Australasian Accounting, Business and Finance Journal* 17, no.3 (2023): 172.

The efforts to prevent and handle corruption crimes are outlined in Law No. 19 of 2019,⁷⁴ which determines the pivotal role of a state institution called the Corruption Eradication Commission (*Komisi Pemberantasan Korupsi /KPK*). The authority to conduct audits and declare losses or non-losses is vested in the Audit Board of the Republic of Indonesia (*Badan Pemeriksa Keuangan/BPK*).⁷⁵ However, the establishment of BPKP has led to the expansion of BPK's functions and authority during this period.⁷⁶ It is no longer solely focused on examining state finances, as the tasks and functions of BPKP are similar to those of BPK.⁷⁷ The existence of BPKP is based on Government Regulation No. 60 of 2008,⁷⁸ and its actions under this regulation became apparent with the formation outlined in Presidential Regulation 192/2014.⁷⁹ According to these provisions, BPKP is integrated into the Government Internal Supervisory Apparatus (*Aparat Pengawas Internal Pemerintah*), allowing BPKP to carry out tasks related to the same responsibilities as BPK, specifically calculating the nominal losses for state finances within the internal scope of the government.⁸⁰ BPKP carries out pre-emptive and preventive supervision which is categorised according to the function of coaching government institutions.⁸¹

BPKP is a government agency that was established by Presidential Regulation 192/2014. It is a public sector entity whose main task and function is providing assurance and consulting services to stakeholders.⁸² BPKP may also carry out audits to assess the performance of public service

⁷⁴ See Adolop Seleky, Salmon Eliazer Marthen Nirahua, and Patrick Corputty, "Kewenangan Penetapan Kerugian Keuangan Negara Dalam Tindak Pidana Korupsi," *Pattimura Legal Journal* 1, no. 1 (2022): 56 and Law of the Republic of Indonesia No. 19 of 2019 concerning Second Amendment to Law No. 30 of 2002 concerning the Corruption Eradication Commission, Art. 7.

⁷⁵ The 1945 Constitution of the Republic of Indonesia, Art. 23E (1) and Law of the Republic of Indonesia No. 15 of 2006 concerning Audit Board of the Republic of Indonesia, Art. 1(1).

⁷⁶ I Made Fajar Pradnyana and I Wayan Parsa, "Kewenangan BPK dan BPKP dalam Menentukan Kerugian Keuangan Negara pada Perkara Korupsi," *Jurnal Magister Hukum Udayana* 10, no. 2 (2021): 351.

⁷⁷ *Ibid*, 346-347.

⁷⁸ Government Regulation No. 60 of 2008 concerning the Government's Internal Control System, Art. 1(4).

⁷⁹ Presidential Regulation 192/2014, Art. 1 (1).

⁸⁰ Mohammad Diky Andika Irawan and Siti Khodijah, "Kewenangan Badan Pengawas Keuangan dan Pembangun (BPKP) dalam Menentukan Kerugian Keuangan Negara pada Kasus Tipikor," *Rechtenstudent Journal* 2, no. 3 (2021): 284.

⁸¹ Naomi Catherine Felencia, "Pengawasan dalam Badan Pengawasan Keuangan dan Pembangunan (BPKP) terhadap Keuangan Negara Berdasarkan Peraturan BPKP," *Law, Development & Justice Review* 5, no. 2 (2022): 223.

⁸² See also Andhika Pratama Tirta Wijaya, Pande Made Kutanegara, and Achmad Djunaedi, "The Development of Knowledge Management Implementation at the Financial and Development Supervisory Agency (BPKP)," *Jurnal Tata Kelola dan Akuntabilitas Keuangan Negara* 9, no. 2 (2023.): 367-389.

providers.⁸³ At the moment, BPKP has adjusted its methodology, processes and approach to prioritise crucial issues. Embracing agile internal auditing and a data-driven approach aligning with the Supervisory Priority Agenda (*Agenda Prioritas Pengawasan*) strategy, BPKP focuses on stakeholders and data awareness for a streamlined audit process.⁸⁴

BPKP carries out functions related to regional finance and regional government, as follows:⁸⁵

1. Formulation of a national policy for the internal supervision of regional financial accountability.
2. Implementation of audits, reviews, evaluations, monitoring and other supervisory activities regarding the planning, implementation and accountability of regional revenues and the accountability of regional financial expenditures as well as other activities where all or some of its finances are financed by regional budgets and/or subsidies, including business entities and other entities in which there are financial or other interests of the Regional Government, as well as accountability for regional financial financing.
3. Supervision of the planning and implementation of programs and/or activities that could hinder smooth development, audits of price adjustments, claims audits, investigative audits of cases of irregularities which are indicated to be detrimental to regional finances, audits of the calculation of regional financial losses, granting expert information, and efforts to prevent corruption.
4. Coordination and synergy in the implementation of the internal supervision of regional financial accountability and national development together with other government internal supervision apparatus.
5. Implementation of socialisation, guidance and consultancy on the implementation of the internal control system of regional government agencies, and bodies in which there are financial or other interests of the Regional Government.

BPKP is a national governmental body with representative offices in provinces in Indonesia, including Bali Province. BPKP Bali has a subordinate organ called the Investigation Division. The Deputy for Investigation assists the Head in the field of overseeing the smooth implementation of development, including cross-sectoral programs, corruption prevention, price adjustment audits, claim audits, investigative

⁸³ See for example Cindy Priadi, et al., "Policy and Regulatory Context for Self-Supplied Drinking Water Services in Two Cities in Indonesia: Priorities for Managing Risks," *Environmental Development* 49 (2024): 4.

⁸⁴ *Ibid.*, 380.

⁸⁵ Presidential Regulation 192/2014, Art. 3.

audits in cases of irregularities that are suspected to harm state finances, audits of state financial losses, and the provision of expert testimony.⁸⁶

BPKP Bali seems to apply a careful approach when dealing with customary villages in Bali. This because of the character of customary villages as an autonomous institution.⁸⁷ This is explicitly stated in Article 17 (1) of Bali Provincial Regulation 4/2019, which stipulates the requirement for the registration of written *awig-awig* in the customary village to the provincial apparatus responsible, carried out by the Customary Village Leaders (*Prajuru*).⁸⁸ Written *awig-awig* is a documented form of customary law. *Awig-awig* are established by members of the customary law community through meetings in the village, known as *sangkepan*.⁸⁹ This reflects that the customary village must still consider its position within the state government, even though it has the autonomy to manage its own local affairs.

Law enforcement agencies, the customary community, customary village, or DPMA may request BPKP Bali to conduct an audit of the financial management of a customary village according to the Investigation Division's Standard Operating Procedures (SOP). BPKP Bali is not authorised to initiate investigation audits because it can only exercise its auditory authority based on a request from those entities. The BPKP Bali's audit report can be used as evidence along with testimony by the auditor if the case is brought to trial before the Corruption Crime Court. At this point, BPKP Bali will coordinate more closely with the law enforcement agencies.⁹⁰

As an example, between 20 January - 12 February 2020, BPKP Bali conducted an audit into an alleged corruption case at LPD Kalianget Customary Village, Buleleng Regency. The audit revealed state losses reaching IDR 355,690,414 (equivalent to USD \$21,988,84). The LPD chairman was determined to be guilty in that case. During the trial process, the expert from BPKP Bali explained that even though the LPD management was determined and agreed upon by the Kalianget Customary Village, the LPD's finances were included in the scope of State Finance because the initial capital funds came from the APBD and its establishment was

⁸⁶ Presidential Regulation 192/2014, Art. 27

⁸⁷ Tukirin and I Wayan Simpen, "The Role of the Financial and Development Supervisory Agency (BPKP) in Preventing and Addressing Cases of Criminal Corruption." Interview by Ni Komang Windu Rejeki, Finance and Development Supervisory Agency of Bali Province, December 29, 2023.

⁸⁸ Bali Provincial Regulation 4/2019, Art. 17.

⁸⁹ Ade Adhari et al, "Customary Delict of Penglipuran Bali in the Perspective of the Principle of Legality: A Dilemma and Arrangements for The Future," *Journal of Indonesian Legal Studies* 6, no. 2 (2021): 423. *Sangkepan* is a Balinese term that is a synonym of *paruman*, which means customary meeting, which in this context, the meeting forum of a customary village. See Horii, *op.cit.*, 299 and Anak Agung Putu Sugiantiningsih, "The Role of the Bali Province Village Community Development Service in Increasing Village Potential," *Jurnal Inovasi Ilmu Sosial dan Politik* 5, no. 2 (2023): 119.

⁹⁰ Tukirin and Simpen, *loc.cit.*

determined/confirmed by the Regional Government of Buleleng Regency. The Corruption Crime Court at the Denpasar District Court then decided that he was proven to have committed a criminal act of corruption, and he was sentenced to prison for 4 (four) years and 6 (six) months.⁹¹

2.3.2. *Ius Constituendum*: Towards a Collaboration between DPMA and BPKP

Besides involving the law enforcement process as described in Part 2.3.1, the BPKP Representative of Bali Province plays a significant role in preventing misuse in financial management in customary villages in Bali. In June 2021, it conducted a policy analysis of Customary Village Governance and Financial Management.⁹² In August 2022, it held a workshop to respond to the many cases of criminal acts of corruption related to customary village financial management in LPD, which gave rise to debate from various parties, especially those linking LPD losses to the scope of the state's financial losses.⁹³ These are the reasons why this paper argues that DPMA can collaborate with BPKP Bali in terms of guidance and the monitoring of the customary village's financial management, governance cooperation, the guidance of customary institutions, and financial management training for customary villages. The two institutions may also initiate an anti-corruption community, particularly the customary community, through programs such as socialisation, technical guidance, focus group discussions (FGDs), and a Fraud Control Plan.

These two regional institutions would work hand in hand to prevent corruption in the customary villages. On the one hand, the Governor of Bali Regulation 2/2023 DPMA indirectly gives the authority to examine customary village accountability reports. One of the functions of DPMA is to guide and supervise the financial management of customary villages through technical guidance, education and training, socialisation, consultation, facilitation, and monitoring and evaluation. On the other hand, BPKP's Investigation Division activities include overseeing the smooth implementation of development, corruption prevention, cross-sector programs, and handling public complaints.

Currently, there is no specific form to the cooperation agreement between the DPMA and BPKP. This lack of formal collaboration underscores the need for the two institutions to adopt a Memorandum of Understanding

⁹¹ The Decision of Corruption Crime Court at the Denpasar District Court No: 5/Pid.Sus -TPK/2021/PN Dps., 40, 46, 82, 85.

⁹² See Anturan Customary Village, "Profil Desa Adat Anturan," preface, i and Yehanakan Customary Village, "Profil Desa Adat Yehanakan," preface, 1.

⁹³ Bali High Prosecutor's Office, "Kejati Bali Jelaskan Penyimpangan LPD dalam Perspektif Tindak Pidana Korupsi," 25 Agustus 2022, <https://www.kejati-bali.go.id/berita/detail/1002>

(MoU), a common cooperation instrument in Indonesia. The MoU would symbolise the initial stage of collaboration and provide a framework for their joint efforts. As part of this process, BPKP Bali plans to draft a Memorandum of Understanding (MoU) in 2024 to collaborate with the DPMA regarding the financial management of customary villages.⁹⁴ Once they agree on institutionalising the collaboration, they will need to allocate budgets to implement their joint programs.

3. CONCLUSION

Fraud and corruption cases in customary villages in Bali generally involve government grants, money from LPD, and the misuse of powers. These cases are generally caused by a lack of financial management; a lack of critical attitude among the customary village members; weak rules and governance of the assets belonging to the customary village; and cultural influences, rationalisation attitudes, and cultural capital factors. The DPMA is a provincial agency that can significantly prevent fraud and corruption practices in customary villages. In particular, it can ensure that grants from the Bali Province Government will not be misused by monitoring the financial management of customary villages. To optimise the tasks of the DPMA, a more formal collaboration with BPKP Bali may be established. Instead of its remarkable auditing role in the law enforcement process, BPKP Bali has the authority to prevent misuse in financial management, which may cause a loss of the state budget. These two institutions may, for example, initiate an anti-corruption customary community and launch joint programs such as socialisation, technical guidance, focus group discussions (FGD), and a fraud control plan, which would support the comprehensive efforts of preventing corruption in customary villages in Bali.

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⁹⁴ Tukirin and Simpen, *loc.cit.*

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