

# Supervision of Village Fund Management through Local Wisdom as a Corruption Prevention Effort in *Nagari* Governments in West Sumatra, Indonesia

Yoserwan

Faculty of Law Andalas University, Padang, Indonesia

Email: yoserwan@law.ac.id

## Abstract

In many developing countries, economic growth and development efforts are often undermined by corruption. To help the local economies, the Indonesian government has initiated the village fund program intended to help the regional governments fight corruption, improve welfare and promote equitable development. Ironically, however, it is the very same program put in place to fight corruption that has become the breeder of corruption. This has prompted the central government to step in to prevent further damage.

This study investigates this question as to how corruption in village funds management can be fought against using local wisdom enshrined in the Minangkabau customary law under the leadership of *Nagari*, the smallest unit of government in West Sumatra. The study was conducted in many villages and the respondents consisted of the Head of *Nagari*, *Nagari* Assembly Body (KAN), *Nagari* Consultative Body, and other community leaders in each village.

The findings show that in addition to supervision through government and law enforcement agencies, many branches of *Nagari* are monitored from the planning stage for evaluation under customary law that prevails in the settlements themselves. The study concludes that the involvement of all branches of the *Nagari* can minimize the misappropriation of village funds.

**Keywords:** Village Funds; Local Wisdom; Corruption Prevention; *Nagari* Government, and West Sumatra.

## Introduction

Villages are an inseparable part of both the government and the territory of the Unitary State of the Republic of Indonesia. The Preamble to the 1945 Constitution of the Republic of Indonesia (known as the 1945 Constitution) says that the territory of the Republic of Indonesia has 250 autonomous territories (*zelfbestuurende Landschappen*) and traditional territories (*Volksgemeenschappen*). In Indonesia, different terms are used to designate the word village depending on the province and its ethnic group(s). These include the term *desa* used by the people in Java, Bali, and several other parts of Indonesia, the term *Nagari* used by the *Minangkabau* ethnic group in West Sumatra, and the word *dusun* used by the people of Palembang in South Sumatra. The state respects the status and authority of these special areas under the 1945 Constitution and the advent of the regional autonomy concept that was put in

place throughout Indonesia with the enactment of the Law No. 22/1999 on Regional Government which was repealed by the Law No. 32/2004 on Regional Government which was also repealed and replaced by the Law No. 23/2014 on Regional Government. Within the framework of the state administration, it is necessary to limit the distribution of power between the central government and the regions. There must also be a division of authority between the branches of the government to guarantee human rights (Soemantri, 2006:52). The division of power between the central government and the provinces is carried out through regional autonomy, a system whereby political and economic authority is transferred from the central government to local governments to allow for fair and equitable development in the regions (Wijayanti, 2016).

To share power between central and local governments, Article 200 section 1 of Law No. 32/2004 says that district/city-regional governments must work with village governments and their consultative bodies for regional development. This arrangement implies that the village governments are subordinate to district/city-regional governments. However, to accelerate the development in the villages, the Law No. 6/2014 on Villages prescribes that , they need to be protected and empowered to build a just, fair, and prosperous society because villages have developed in various forms within the Indonesian administration.

To achieve this goal, the central government initiated the Village Funds program. Since the start of the distribution of village funds in 2015, the government has allocated up to IDR 257 trillion to villages. Since the establishment of the program, the village funds have always increased from year to year. The allocation of village funds is meant to improve public services in villages, alleviate poverty, boost the local economy, overcome development gaps between villages and empower village communities as the subjects of development.

However, since the implementation of the village funds program, various forms of abuse have occurred. According to Indonesia Corruption Watch (ICW), until 2018, there were at least 181 cases of corruption related to the village funds involving 184 corruption suspects and a loss of Rp. 40.6 billion. More than 900 of the 7,400 village heads were arrested for allegedly being involved in misappropriating village funds. This has led the President Joko Widodo to request that various parties participate in supervising the implementation and use of the Village Funds.

In the province of West Sumatra, the village government authority is carried out by a traditional system of government referred to as the *Nagari* government (*Pemerintah Nagari*), which is the smallest unit of government in West Sumatra. This unique form of government existed in West Sumatra long before the arrival of Dutch colonizers. However, during the *New Order* era of President Suharto, the *Nagari* government was stripped of its power to become the lowest level of government which only plays a socio-cultural role. It was not until the event of the *Reformation Era* (Era Reformasi) which brought about a wider regional autonomy that the *Nagari* government regained its position as the lowest unit of government in West Sumatra. The law provides specificity in the management of government which is carried out with the principles of customary law, namely the traditional law of the *Minangkabau* ethnic group as a form of recognition and application of local wisdom in government (Efiyandri 2003). Local wisdom is widely used by *Minangkabau* people in West Sumatra in the *musyawarah mufakat* which implies the use of consensus in decision-making. It is local wisdom used in deliberation for consensus to reach an agreement in the common interest.

Even though under the name of the *Nagari* government, they also get facilities as the village administration is included in the village funds program. The problems related to the management of village funds are also faced by *Nagari*. However, considering that the *Nagari* government is carried out based on customary law, there are differences in the implementation of government, including in the management of village funds. Since it was first launched in 2015, West Sumatra has received an allocation of Rp. 276 billion which continues to increase from year to year. Finally, in 2020, Rp. 951.1 billion was received and allocated to as many as 928 *Nagari* in West Sumatra. Thus, each received around Rp.1 billion.

However, the alleged occurrence of irregularities is relatively low, with only four cases being investigated. In general, the authority related to the supervision of the implementation of village government, including the *Nagari* government, is regulated by the Law No. 6/2014 on

Villages, hereinafter referred to as the Village Law and the Regional Government Law. Article 112 of the Village Law says that village financial supervision is carried out in stages from the Central level to the Regency/City Regional Government. The supervisory authority also includes the supervision of village funds, because the village funds are an inseparable part of village government.

With such a large allocation of funds, the management of which is carried out by the *Nagari* apparatus which lacks experience and skills regarding finances, mismanagement can occur. This is especially so if it is managed by officials who lack integrity, which will result in fraud and corruption. Therefore, the management of village funds needs to be supported by optimal supervision. West Sumatra with a *Nagari* government system carried out under the customary law must also be fully subject to the rules of state and government law (Hidayat et al., 2017). Therefore, there is a need for a study on how to manage the village funds for the *Nagari* government, especially by utilizing the values contained in customary law as local wisdom. This is especially relevant in preventing corruption against the village funds. In this context, this paper examines how the supervision of the management of village funds is carried out by the *Nagari* Government and the *Nagari* community using customary law to fight corruption.

## Literature Review

Corruption harms both the national and regional economies through several practices including the mismanagement of the Regional Revenue and Expenditure Budget. This phenomenon has been the subject of many studies by both Indonesian and foreign scholars. Klitgaard (1988) argues that corruption is the result of the monopoly of power by the leadership (monopoly of power) coupled with the high power of a person (discretion of officials) without adequate supervision from the supervisory apparatus (minus accountability).

Considering Klitgaard's claim, Weyland's study (1998) shows that corruption tends to increase sharply when countries switch to a democratic system. Labolo (2017) argues that the change of the government system from a centralized to a decentralized system through regional autonomy has shifted some corruption practices that were previously seen within the central government to regions. He goes on to say that decentralization only moves the locus of corruption from the central government to the local governments.

Although decentralization was established to enhance democracy and the rule of law in Indonesia, it has sadly contributed to the spread of corruption in Indonesia. This was pointed out by Irawati (2013) when she argues that in West Sumatra, *Nagari*, the lowest unit of government, seems to have lost meaning when it was incorporated with the local government and became trapped as a bureaucratic institution. Irawati claims that this has turned *Nagari* into a sanctuary for corruption, especially with the existence of the general fund of about IDR 150,000,000.00 allocated to each *Nagari*, which originates from the Regional Revenue and Expenditure Budget. The use of the *Nagari* budget is left to the *Nagari* government with no oversight (Irawati, 2013). Labolo also claims that there is no effective way to control corruption loopholes within the local government, except to impose strict criminal and administrative sanctions on government officials, regional house of representatives, and state-owned companies for misusing the Regional Revenue and Expenditure Budget through procurement of goods and services, business licensing and election services.

The studies discussed above define corruption within the framework of decentralization and how it affects the economy. However, very few of these studies investigate how local instruments such as customs and local wisdom can be used to fight corruption at a regional level, especially the misusing of regional revenue and expenditure budget by government officials and other individuals in power.

Zurnetti (2023) argues that the Minangkabau local wisdom can be great for addressing domestic violence against women and children. She claims that in a democratic Minangkabau society, all community affairs are deliberated through consensus. This shows the importance of custom and religion in the life of the Minangkabau people, especially in the resolution of domestic conflicts and violence (Zurnetti, 2023).

Strengthening local culture and wisdom can help build civil character in efforts to prevent corruption. The understanding and application of local wisdom in society can form an anti-corruption culture and attitude that underlies efforts to prevent corruption (Siti Mamudah, 2022). As far as West Sumatra is concerned, Irawati (2013) argues that local wisdom supports the emergence of social structure as a controller of *Nagari* bureaucratic work. She claims that local wisdom is widely followed by the community and can oversee local leaders to prevent corruption.

## Research Methods

This is socio-legal research drawing on data collected through purposive sampling (homogeneous sampling). The data involved in this study consist of primary, secondary, and tertiary data. Primary data were derived from face-to-face interviews, focus group discussions, questionnaires, court observations and customary law ceremony attendance. Several *Nagari* located in cities/towns across West Sumatra Province were selected as the research locations. Cities/towns where these *Nagari* are located are considered the epicenters of the *Minangkabau* tradition and local wisdom. They include Padang, Padang Panjang, Pariaman, Bukittinggi, Batusangkar, Pasaman, and Payakumbuh. The interviews were conducted with traditional leaders consisting of *ninik mamak* (clan leaders) who staff every *Nagari* government known as *Kerapatan Adat Nagari* (KAN) headed by a *Walinagari* (Head of Village Government). Interviews were also conducted with the head of the *Nagari* Deliberative Body, West Sumatra *Minangkabau* Natural Indigenous Assembly or *Lembaga Kerapatan Adat Alam Minangkabau* (LKAAM) Sumatera Barat, clan leaders known as *datuak*, and village community leaders known as *penghulu*. Further interviews were conducted with the Regional House of Representatives or *Dewan Perwakilan Rakyat Daerah* (DPRD), and government officials. Since the *Minangkabau* tradition is intertwined with Islam (Zurnetti, 2023), interviews were also conducted with religious leaders known as *kyai* or *ulama*.

## Relationship Between the Minangkabau Customary Law and Local Wisdom

Van Vollenhoven defines the Minangkabau customary law as one of the *adatrechkring* (customary law areas) found in the Dutch East Indies territory located in West Sumatra consisting of a matrilineal Minangkabau ethnic group speaking the *Minang* language, with sumando as the marriage system, while the social structure consists of a genealogical customary law alliance in the form of tribes, parishes, clans that are grouped into territorial customary law alliances called *Nagari* which are also grouped into *luhak* and *rantau*. Customary law is a pattern of community behavior sanctioned if it is violated.

There have been many studies on the importance of customary law in addressing crimes. Afadrian (2019) argues that although customary law, especially customary criminal law is unofficial; it remains widely popular among the local community and is a viable alternative to tackling the increasing rate of domestic violence.

Before the arrival of Islam in West Sumatra, the *Minangkabau* people lived as a whole by using *Minangkabau* customary law. Starting in the early 7th century AD, Islamic teachings had begun to enter *Minangkabau* through *Pasai* and *Perlak*, and gradually, eventually, all *Minangkabau* people adhered to Islamic teachings and Islamic law. Following on this, Zurnetti (2023) argues that the role of the religion and the customs in West Sumatra is cemented in a well-known maxim that says 'adat basandi syarak, syarak basandi Kitabullah' (custom is based on law and the law is based on Quran) which means that the custom is based on Islamic teachings.

Local wisdom refers to various cultural assets that grow and develop in a society and that are known, trusted and recognized as important elements capable of strengthening social cohesion (Abdullah, 2008). Local wisdom aims to increase welfare and create peace (Sibarani, 2013). Local wisdom is extracted from cultural elements that deal with individual life and the life of the community that owns it. It is concerned with value systems, beliefs, religion, and work ethic.

## Efforts to Combat Corruption in Indonesia

Efforts to eradicate corruption cannot be separated from a criminal justice policy implemented in a country such as Indonesia where corruption is widespread. Many studies have demonstrated that a strong criminal justice policy is the backbone of the fight against corruption. Sudarto (2010) argues that criminal policy is a rational effort of the community to eradicate crimes, especially corruption (Sudarto, 2010). Criminal policies can be carried out in the form of criminal law policies (penal policy) and non-criminal policies (non-penal policy). A criminal law policy uses a repressive approach or criminal law enforcement mechanism, while the non-criminal law approach uses a preventive and affirmative approach to crime prevention (Kenedi, 2017).

The penal policy is carried out in the form of criminal law enforcement if a crime has occurred within the framework of the Criminal Justice System (CJS). However, the policy must be supported in the form of prevention (Pratama et al., 2020). Prevention is carried out with intensive supervision so that the potential for corruption can be anticipated and prevented early (KPK, *Tiga Strategi Pemberantasan Korupsi*). The importance of preventing forms of abuse that lead to corrupt practices is reflected in the United Nations Convention Against Corruption (UNCAC) 2003. Article 5 section 2 of this convention says that each state party shall endeavor to establish and promote effective practices for the prevention of corruption. Furthermore, Article 5 emphasizes the importance of conducting periodic evaluations of administrative policies and instruments to evaluate whether a policy can prevent corruption practices.

In Indonesian law, the penal policy against corruption is specifically regulated in the Law No. 31/1999 on Eradication of Corruption Crimes, as amended by the Law No. 20/2001. Institutionally, the authority to tackle corruption is vested in the Corruption Eradication Commission or *Komisi Pemberantasan Korupsi* (KPK) in addition to the other law enforcers such as the police and the prosecutor. Article 6 of Law No.19/2019 on Amendments to Law No. 30/2003 on the Corruption Eradication Commission says that the main role of KPK is to eradicate corruption as its name suggests.

More specifically, the authority to oversee village funds internally in the Village Law is regulated in Article 115 letter g which states that: Regency/City Governments “supervise the management of Village Finance and the utilization of Village Assets.” Thus, the regent/municipal government shall provide guidance and supervision of village financial management and utilization of village assets. The supervisory authority is delegated to the Regional Advisory Organization known as the Village Community Empowerment Service led by the *Camat* (head of Regency Government) based on Article 154 of Government Regulation (PP) No. 43/2014 on Implementing Law No. 6/2014 on Village. This supervision is known as vertical supervision. In addition to vertical supervision, the Village Law also regulates horizontal supervision carried out by the *Nagari* Consultative Body whose role is to supervise the work of the *Nagari* Head in the use of village funds (Putra & Desrio, 2021).

## Principles of Public Financial Management and Supervision

Every delegation of authority from the center to the regions requires supervision. Every form of supervision, especially in granting autonomy to the regions, is a form of control instrument that can direct the regions to the objectives of granting autonomy itself. This supervision includes matters related to regional finances (Nurbaningsih, 2011). In general, the management of state finances including the Village Funds is regulated in Article 23 of the 1945 Constitution which lays down rules and principles dealing with the state budget and finances (APBN). Furthermore, state finances are regulated in the Law No. 13/2003 on State Finance. According to the constitution and other related laws and regulations, the management of the state budget and finances comes from the people who need supervision and accountability. Article 33 of the State Finance Law states that the audit of the management and accountability of state finances is regulated in a separate law. State Financial Management is the overall activities of state financial management officials, and it includes planning, implementation,

supervision, and accountability. By law, governors and other regional leaders are compelled to manage regional budgets with efficiency and transparency based on justice and propriety. Therefore, the management of the Village Funds as a part of state finances must comply with the same principles (Bahar, Fauzi, 2021).

Transparency can be interpreted as an obligation for managers to implement the principle of openness in the decision process and information delivery. Transparency in conveying information also implies that the information submitted must be complete, correct, and timely to all stakeholders. There should be no things that are kept secret, hidden, covered up, or delayed disclosure (Agoes et al., 2009). The principle of transparency as the principle of financial management is regulated in Article 4 Section 7 of the Regulation of the Minister of Home Affairs of the Republic of Indonesia No. 13/2006 on Guidelines for Regional Financial Management. The government as the holder of the mandate from the people is authorized to take and determine various policies and decisions that will have an impact on the wider community so the government must have information, data, and materials to complete what it wants to do. Therefore, transparency is seen as one of the important instruments in avoiding and preventing the misuse of state finances and avoiding the practice of corruption.

Accountability is one of the elements of state financial management as a form of obligation to account for the achievement of predetermined goals and targets. Accountability is conveyed through the application of public sector accounting so that later public accountability and transparency will be realized as one of the efforts to achieve good governance (Mariasmo, 2006). Accountability can also be interpreted as the responsibility for managing resources and implementing policies entrusted to reporting entities in achieving the goals that have been set periodically (Mursyidi, 2013).

According to Mahmudi (2013), there are five dimensions of accountability. They are:

- a. Legal Accountability and Honesty (accountability for probability and legality);
- b. Managerial Accountability (managerial accountability);
- c. Program Accountability (program accountability);
- d. Policy accountability; and
- e. Financial Accountability (financial accountability).

The principle of participatory financial management must begin with the community as the main actor in development and the local government must be able to position itself as a facilitator to create an atmosphere that respects and promotes community participation in public affairs (Al Aswandi, 2022). The participatory element in the implementation of good governance is how the community takes part or participates in the implementation of good governance itself. Participation is defined as the involvement of every citizen who has the right to make decisions, either directly or through the intermediation of institutions that represent their interests. Community participation is freedom of speech and constructive participation. In the implementation of good governance, it can be in the form of community participation by exercising their rights in expressing opinions in the decision-making process on the interests of the community, either directly or indirectly. Furthermore, community participation can be accomplished in

- a). Participating in the decision-making process.
- b). Participating in implementation, and
- c). Participating in benefit-taking, and participating in evaluation (Mustanir 2016).

### **Implementation of the Supervision of Village Funds by the *Nagari* Government**

In 2000, after the reform through Local Regulation No. 9/2000 on the Basic Provisions for *Nagari* Governments, Village Governments were replaced by the concept of the *Nagari* Government throughout West Sumatra except for the City administration areas. As mentioned earlier, the Local Regulation No. 9/2000 was replaced with Perda No. 7/2018 on *Nagari*. The return of West Sumatra to the *Nagari* government concept means a return to the *Minangkabau* identity with the opportunity to better manage the *Minangkabau* people's lives according to their religion and their customary law. The *Minangkabau* region and its customary law are

known as a democratic and egalitarian society in Indonesia and beyond. This is reflected in the *pepatah-petitih* proverb which is a principle in customary law. In decision-making, for example, the principles of deliberation and consensus are regularly used. This is reflected in the proverb that says "*Bulek air dek pembuluh, bulek kato dek consensus*" which means that every decision taken must go through deliberation involving all components of indigenous people. The egalitarian principle is reflected in the proverb which says that everyone has a position in togetherness.

The application of local wisdom values is also reflected in every implementation of development and the utilization of village funds. Financial management in *Nagari* is still carried out starting from the planning stage. Planning is carried out in line with the *Nagari* development plan through the *Nagari* Development Planning Consultation (*Musrembang*) which involves all components of the *Nagari* community. The implementation of the *Musrembang* aims to prepare the *Nagari* Government Work Plan which must refer to the *Nagari* Medium Term Development Plan (RPJMNag). RPJMNag is a Village Development Plan Document for 6 years (Arief, 2020). The draft RPJM contains the vision and the mission of *Walinagari* (head of *Nagari*), the direction of *Nagari* development policies, as well as the activity plans covering the areas of *Nagari* governance, *Nagari* development implementation, *Nagari* community development and *Nagari* Community empowerment. In addition to determining the stages of implementation of the preparation of the development plan, one must also follow the flow of the preparation of the RPJMNag guided by the *Permendagri* (Regulation of Home Affairs Ministry) No. 114/2014 on Village Development Planning. Based on the Ministry of home affairs decree, guidelines are also determined in the preparation of development plans.

Apart from the Ministry of home affairs decree, there is also a regulation regarding Development Planning in the Regulation of the Ministry of Villages Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia, which has been issued in Regional Regulation No. 19/2017 on Priorities for the Use of Village Funds in 2018. The regulation stipulates that all activities financed by the *Nagari* Funds must be able to improve the welfare of the *Nagari* community, improve the quality of human life and reduce poverty. Meanwhile, in the field of empowering the *Nagari* community, the activities are aimed at increasing the capacity and capability of the *Nagari* community by utilizing the potential and resources in the *Nagari* so that the *Nagari* can support themselves independently. Therefore, the regulation is aimed at focusing on the priority of using *Nagari* funds in 2018, both in the field of *Nagari* development and the empowerment of *Nagari* people. The regulation has also formulated four priority programs for *Nagari* funds: the Regional Superior Program, Embung Development, Establishment of Village/*Nagari*-Owned Enterprises (BUMNag), and Development of *Nagari* Sports Facilities. The implementation stage of village funds is the most important part of managing village funds. From the research carried out, it was found that the use of village funds refers to Regional Government Regulation No. 11/2019 on Priority for Use of Village Funds in 2020.

In addition to determining the principles of using village funds in the Ministerial Regulation, the Priority of Use is also regulated. Outline of Priority for the use of village funds on a micro-scale in concrete terms, priorities are arranged based on:

1. The Regency/City Regional Government shall identify and inventory the authority based on the rights of origin and local authority at the Village scale by involving the Village;
2. Based on the results of the identification and inventory of Village authorities, the Regent/Mayor shall stipulate a Regent/Mayor Regulation on the list of authorities based on origin rights and local authority at the Village scale under the provisions of the legislation; and
3. The said Regent/Mayor Regulation is followed up by the Village Government by stipulating Village regulations regarding authority based on origin rights and local authority at the Village scale.

The implementation of village funds in *Nagari* also involves various stakeholders and elements in *Nagari*. Implementation is adjusted to the plans that have been made. Supervision

of *Nagari* funds management based on statutory regulations involves various interested parties which include internal control by the government and externally or by the community. From the research, it is revealed that internal supervision is carried out institutionally by the Regency or City Government and the District Government. Supervision is also carried out by the related institutions, especially by the law enforcement officers, namely the police and the prosecutor's office, who are involved directly in planning through Musrebang. Supervision has been carried out since the determination of priorities for the use of *Nagari* Funds was carried out with an approach to empowering the *Nagari* community. In this regard, the Village Law mandates that the implementation of village community empowerment is carried out by assisting in the planning, implementation and supervision of *Nagari* development processes. *Nagari* assistance is carried out in stages according to needs.

Meanwhile, technically, assistance is offered by Regency/City Regional Apparatus and can be offered by professional assistants, *Nagari* community empowerment cadres, and/or third parties, as regulated in-laws, and regulations (Budiman, 2021). Guidance, monitoring, and evaluation of the priority settings for the use of *Nagari* Funds include:

1. Stipulating arrangements relating to *Nagari* funds;
2. Developing technical guidelines for activities that can be funded from *Nagari* funds;
3. Monitoring and evaluating the implementation of the use of *Nagari* funds; and
4. Providing guidance, supervision, and consultation on the implementation of the management and use of *Nagari* funds.

The results of the internal control will be followed up either through the accommodation of inputs into the working mechanism, or the development priorities and by providing inputs for improvement. In the event of alleged abuse, supervision will be carried out directly by the internal control agency, namely the Regency or City Inspectorate. If an administrative violation is found, an administrative settlement will be carried out by providing administrative sanctions. Meanwhile, in the event of an alleged violation of the law of a criminal nature, it will be submitted to the authorized law enforcement officers.

In addition to formal supervision through national laws, the management of village funds in the *Nagari* is also monitored based on the application of customary law (Putra, Desrio, 2021). The principle of supervision is reflected in the participatory principle known as "*Berat samo dipikul, ringan sama dijinjing*" (Hadi, Khairul, 2022) as well as the saying about the urgency of community control that provides input and correction. This is reflected in the proverb that says "*kalau kurang ditambah, senteng dibilai*, which means everything is open to improvement (Sukma, Tri, 2021). Community involvement is also carried out by formalized customary institutions such as the *Nagari* Deliberative Body or Kerapatan Ada *Nagari* (KAN) and the *Minangkabau* Natural Customary Council or *Lembaga Kerapatan Adat Alam Minangkabau* (LKAAM) which not only represent the community but are the guardians of the *Minangkabau* tradition under the customary law (Asrul, 2021).

Both institutions are filled by traditional leaders known as "*Ninik Mamak*" as representatives of the indigenous people (Byen, Janar, 2021). These two institutions, in addition to partners from the *Nagari* government also act as supervisory or control institutions over government policies and operations, including the management of *Nagari* funds. The involvement of KAN in the management of the *Nagari* Government is very important because it represents the community members consisting of tribes (Bahar, Fauzi, 2021). Each tribe is led by a clan leader *ninik mama* and KAN is a representative of those leaders in the *Nagari*. Their main task is to preserve and uphold the *Minangkabau* customary law (Azirman, 2021). However, sometimes it is seen as if KAN is also carrying out government functions, thus giving birth to dualism (Hidayat, 2017).

In addition, the customary law requires the active involvement of all components of the society, both social institutions and the community as well as supervising the management of the *Nagari* funds. However, under the principles of customary law, supervision must be carried out in stages from the lowest to the highest. This is known as the saying "*Bajanjang goes up, Batanggo goes down.*" Control is carried out with the principle of prudence and does not cause



new problems. This is reflected in the saying "*bak maelo rambuik in tapung, rambuik indak putuik, tapung indak taserak*". Thus, the distribution of aspirations will run systematically and efficiently. The results of supervision from various parties will be followed up by providing direct inputs for improvements. Meanwhile, in the event of an indication of a violation of the law or related to abuse with indications of corruption, it will be forwarded to law enforcement by making a report to the existing law enforcement agency (Nurma, 2020)

## Conclusion

The supervision of village funds management in the *Nagari* government in West Sumatra Province is carried out based on both national law and the *Minangkabau* customary law as local wisdom that is embraced and abided by the customary law community in West Sumatra. Based on national laws and regulations, the supervision of village funds shall be carried out by the government in different stages ranging from the highest of government to the lowest level. However, these laws specify that the supervisory authority shall be vested in the district government, while the supervision conducted by customary law as local wisdom shall be carried out according to the customary law values and shall involve all aspects of the customary law community within the *Nagari*, the smallest unit of government in West Sumatra.

The supervision intended by the law is carried out starting from the preparation and planning stage to the implementation and evaluation stage. This model of supervision makes it possible to anticipate various misappropriations of village funds that are controlled and managed by the *Nagari* governments. Although this mechanism seems well organized, it has not been able to truly fight corruption in the management of village funds as it should. This is partly due to the fact that corrupt practices were simply shifted from central government to local government through decentralization. Instead of addressing the issue, regional autonomy has contributed to amplifying the phenomenon. Although decentralization was established to enhance democracy and the rule of law in Indonesia, it has contributed to the spread of corruption in the management of village funds in West Sumatra due to a lack of oversight and the weakening of customary law.

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