



## Criminal Liability for the Misuse of Village Funds: A Critical Analysis of the Boundaries Between Administrative Errors and Corruption Offenses

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**Abstract.** *This study analyzes the conceptual boundary between administrative errors and corruption offenses in village fund management and critiques the existing system of criminal accountability in law enforcement practice. Using a normative legal research method with statutory, conceptual, and case approaches, this study identifies a research gap in the absence of a systematic framework distinguishing administrative errors from criminal acts, as prior studies have focused mainly on governance and general corruption issues. The findings reveal that the lack of clear parameters leads to administrative irregularities being directly classified as criminal offenses, resulting in overcriminalization, neglect of mens rea, and inconsistency with the principles of no punishment without guilt and proportional justice. The novelty of this study lies in proposing a conceptual framework to differentiate administrative errors from criminal acts as a basis for a more proportionate criminal liability system. Accordingly, the study recommends clarifying normative parameters and reorienting law enforcement by positioning criminal law as ultimum remedium to ensure a more just, proportional, and contextual legal system.*

**Keywords:** *Administrative Errors; Administrative-Criminal Boundary; Corruption Offenses; Criminal Liability; Village Fund Misuse.*

### 1. INTRODUCTION

The village fund policy constitutes one of the strategic instruments in Indonesia's national development, designed within the framework of fiscal decentralization to strengthen the autonomy and capacity of village governance (Eko, 2021). Through a transfer mechanism from the State Budget (APBN) to local governments, village funds are allocated to support village administration, development implementation, and sustainable community empowerment, as regulated within the framework of village governance (Fitriani, 2023). From a public policy perspective, village funds function not only as a fiscal instrument but also as a means to accelerate equitable development and reduce regional disparities, particularly between rural and urban areas (Arifin & Suryahadi, 2022). Furthermore, the management of village funds contributes to improving community welfare through the development of basic infrastructure and the strengthening of local economies based on village potential (Yuliani, 2023). Thus, the village fund policy reflects a concrete implementation of fiscal decentralization at the lowest level of governance, enabling village governments to be more responsive to community needs while enhancing the effectiveness of participatory and locally based public services.

In practice, however, the management of village funds has shown a growing trend of misuse involving village officials as the primary actors in local public financial management. Various empirical studies indicate that irregularities in village fund management are not merely

sporadic but exhibit recurring patterns alongside the increasing allocation of funds managed directly by village governments (Prabowo, 2022). These irregularities take diverse forms, ranging from budget mark-ups in development projects aimed at personal gain, the preparation of accountability reports that do not correspond to actual implementation or are even fictitious to conceal misconduct, to the abuse of authority by village officials in making budgetary decisions that deviate from legal provisions (Widodo, 2023). Such variations indicate that the problems in village fund management are not solely technical-administrative in nature but also reflect issues related to integrity, institutional capacity, and weak oversight systems. Consequently, the misuse of village funds not only has the potential to cause state financial losses but also undermines the effectiveness of rural development policies and diminishes the primary objective of village funds as an instrument for improving community welfare.

From a law enforcement perspective, irregularities in village fund management are often directly classified as corruption offenses, particularly when state financial losses are identified. This approach reflects a tendency toward generalization in treating all forms of irregularities as criminal acts without first conducting an in-depth assessment of the nature of the underlying fault. In fact, not all irregularities stem from malicious intent (*mens rea*) to unlawfully enrich oneself or others; rather, they frequently arise from administrative errors, such as procedural mistakes, reporting inconsistencies, or the limited capacity of village officials to comprehend complex regulations (Suciati, 2022). In this context, the direct application of criminal law to all forms of irregularities risks disregarding a fundamental principle of criminal law *geen straf zonder schuld* (no punishment without fault) and opens the possibility of criminalizing administrative errors that should instead be addressed through administrative legal mechanisms (Widodo, 2023). Therefore, a more proportionate understanding is required to distinguish between administrative errors and corruption offenses in order to ensure that law enforcement maintains its orientation toward justice.

The fundamental problem in law enforcement concerning the misuse of village funds lies in the absence of a clear conceptual boundary between administrative errors and acts that can be classified as corruption offenses. This ambiguity is not only normative in nature but is also reflected in law enforcement practices that tend to generalize all forms of irregularities as criminal acts without adequate classification based on the nature and degree of fault involved. In the context of village fund management, which is heavily procedural from planning and implementation to reporting the potential for administrative errors is inevitable, particularly given the limited capacity of village officials to comprehend complex and evolving regulations. However, the lack of clear parameters distinguishing administrative errors from criminal acts

has resulted in procedural and non-intentional mistakes often being treated the same as intentional acts (*dolus*) aimed at personal enrichment. This condition has led to increasing criminalization of village officials who, in many cases, do not possess malicious intent but are nonetheless subjected to repressive criminal proceedings (Suciati, 2022). Furthermore, this situation raises concerns of injustice in sentencing, where violations with relatively minor or administrative-level fault are still subjected to severe criminal sanctions without proportionate consideration of the degree of fault, motive, and impact of the act (Prabowo, 2022). Consequently, the absence of a clear boundary between administrative errors and corruption offenses not only creates legal uncertainty but also risks obscuring fundamental principles of criminal law, particularly the principle of fault and proportional justice in sentencing.

Previous studies on village fund management have generally focused on aspects of financial governance, transparency, and accountability in budget utilization, as well as analyses of corruption practices involving village officials in managing public funds (Arifin & Suryahadi, 2022; Widodo, 2023). Other studies have also examined the factors contributing to irregularities in village fund management and the effectiveness of law enforcement in addressing corruption within the village governance sector (Prabowo, 2022). However, these studies have not specifically addressed the conceptual boundary between administrative errors and corruption offenses in village fund management. In fact, this issue constitutes a crucial aspect in determining the direction and proportionality of law enforcement, particularly in assessing whether a given irregularity should be classified as a criminal act or resolved through administrative mechanisms. Therefore, there remains a significant research gap that necessitates a more in-depth examination of this conceptual boundary as a basis for developing a more just and proportionate system of criminal liability.

Based on the problems and research gaps identified above, this study aims to analyze in depth the conceptual boundary between administrative errors and corruption offenses in village fund management in order to establish clearer parameters for determining the legal qualification of an act within the framework of criminal law. In addition, this study seeks to critically evaluate the existing system of criminal liability as applied in law enforcement practices concerning the misuse of village funds, particularly the tendency to over-rely on punitive approaches without proportionately considering the level of fault, motives, and administrative context underlying the irregularities. Accordingly, this research is expected to contribute conceptually to the development of a criminal law system that is more just, proportionate, and aligned with the fundamental principles of criminal responsibility.

## 2. METHODS

This study employs a normative legal research method, which conceptualizes law as a system of norms examined through statutory regulations, legal principles, and doctrinal developments within legal scholarship. Normative legal research, also referred to as doctrinal legal research, fundamentally focuses on the analysis of positive law as a normative framework consisting of interconnected rules, principles, and legal concepts (Syarif et al., 2024). Within this approach, law is understood as *das sollen* (what ought to be), meaning that the object of analysis is not empirical social behavior but rather the norms and legal constructions that govern such behavior (Qamar & Rezah, 2022). Accordingly, this research does not rely on primary field data collection but instead utilizes secondary legal materials obtained through library research, including legislation, academic literature, and relevant scholarly opinions (Sukmawan, 2024). Through this normative approach, the study aims to systematically and critically analyze the construction of criminal liability in the misuse of village funds, particularly in identifying the conceptual boundary between administrative errors and corruption offenses, in order to formulate legal arguments that are more proportionate and just.

This research adopts an integrated approach consisting of the statute approach, conceptual approach, and case approach to achieve a comprehensive analysis of the issues under study. The statute approach is employed to examine legal provisions governing village fund management and criminal liability in cases of misuse, particularly those stipulated in Law Number 6 of 2014 on Villages and the Anti-Corruption Law, thereby enabling a clear understanding of the existing legal framework (Marzuki, 2021). The conceptual approach is used to analyze key doctrines in criminal law, including the concept of criminal liability, the principle of fault (*geen straf zonder schuld*), and the principle of proportional justice, which serve as the theoretical foundation for distinguishing between administrative errors and criminal acts (Diantha, 2021). Meanwhile, the case approach involves the examination of court decisions related to the misuse of village funds in order to understand how legal norms are applied in practice and to identify judicial reasoning patterns in determining criminal liability (Marzuki, 2021). By integrating these approaches, this study seeks to produce an analysis that is not only normative but also contextual and reflective of contemporary law enforcement practices.

This study also employs legal materials consisting of two categories, namely primary and secondary legal sources, which complement each other in supporting the normative analysis. First, primary legal materials include statutory regulations that are directly relevant to the object of the study, particularly Law Number 6 of 2014 on Villages, which governs the

authority and management of village funds, and Law Number 31 of 1999 as amended by Law Number 20 of 2001 on the Eradication of Corruption, which provides the legal basis for determining criminal liability in cases of misuse of village funds (Marzuki, 2021). Second, secondary legal materials consist of various scholarly sources, including criminal law textbooks, national and international journal articles, and prior research related to village fund management, the concept of criminal liability, and principles of justice in sentencing. These secondary materials function to provide clarification, enrich interpretation, and strengthen the analysis of primary legal materials, thereby enabling the development of more comprehensive and systematic legal arguments (Diantha, 2021).

Based on the type of research, approaches, and legal materials outlined above, the analysis in this study is conducted using a normative qualitative method, which emphasizes a systematic examination of legal norms relevant to the issues under investigation. Through this method, the collected legal materials are analyzed not only descriptively but also critically to assess the consistency, adequacy, and limitations of the legal framework governing criminal liability in the misuse of village funds (Marzuki, 2021). To further deepen the analysis, this study also applies methods of legal interpretation to understand the meaning and objectives of statutory provisions, including grammatical, systematic, and teleological interpretation, in order to obtain a comprehensive understanding of the boundary between administrative errors and corruption offenses (Diantha, 2021). Accordingly, the overall methodological framework is expected to produce a legal analysis that is not only normative but also critical and reflective in examining contemporary practices of criminal liability.

### **3. RESULTS AND DISCUSSION**

#### **Legal Regulation of the Misuse of Village Funds**

From a juridical perspective, village funds constitute an integral part of state finances, as their funding originates from the State Budget (APBN), which is allocated through intergovernmental transfer mechanisms and subsequently distributed to village governments. Within the framework of public financial law, any funds sourced from the State Budget remain within the regime of state finances, even when managed by local governmental entities, and are therefore subject to fundamental principles of public financial management, including accountability, transparency, and responsibility (Mardiasmo, 2018). This is consistent with recent studies emphasizing that village funds form part of fiscal decentralization policy and must be managed within the framework of sound public financial governance (Kementerian Keuangan RI, 2024; Prabowo, 2022). Furthermore, empirical evidence indicates that the

management of village funds is not merely administrative in nature but also carries significant legal implications, particularly due to its potential to cause state financial losses in cases of misuse (Fitriani, 2023; Yuliani, 2023). Accordingly, village fund management should not be viewed solely as an administrative function of village governance but rather as part of the broader system of state financial governance, which entails substantial legal consequences. As a result, any irregularities in its management may be classified as acts causing state financial losses and may trigger the application of criminal law, particularly within the framework of corruption offenses.

The positive legal framework further affirms that the authority to manage village funds is normatively regulated under Law Number 6 of 2014 on Villages, which designates the village head as the holder of authority over village financial management, encompassing all stages from planning and implementation to administration, reporting, and accountability. This structure demonstrates that the village head possesses broad authority accompanied by corresponding legal responsibility for the use of village funds, such that any deviation from statutory provisions may give rise to legal consequences (Marzuki, 2021; Diantha, 2021). On the other hand, Law Number 31 of 1999 as amended by Law Number 20 of 2001 on the Eradication of Corruption provides the normative basis for prosecuting acts that cause state financial losses, including those arising from the management of village funds. The formulation of offenses within this law, particularly concerning elements such as “causing state financial loss” and “abuse of authority,” allows for broad interpretation in law enforcement practice, thereby enabling almost any irregularity in the use of village funds by village heads to be classified as a corruption offense (Prabowo, 2022; Widodo, 2023). Consequently, the interaction between the broad authority granted under the Village Law and the expansive formulation of offenses in anti-corruption legislation creates a condition in which the boundary between administrative responsibility and criminal liability becomes increasingly blurred, particularly in the absence of clear parameters for assessing the degree of fault and the nature of the act (Suciati, 2022; Fitriani, 2023).

### **Law Enforcement Practices**

Irregularities in the management of village funds demonstrate a strong tendency to be directly classified as corruption offenses, with village officials frequently becoming the primary subjects of legal prosecution. Empirical studies over the past five years indicate that the increasing allocation of village funds is directly proportional to the growing number of cases involving village heads or officials in corruption-related offenses, including abuse of authority, budget mark-ups, and fictitious accountability reports (Prabowo, 2022; Widodo,

2023). This condition suggests that law enforcement practices tend to position village officials as actors vulnerable to criminalization, particularly in the context of limited administrative capacity and the complexity of regulatory frameworks that must be followed (Suciati, 2022). Furthermore, the pattern of case handling reflects the dominance of a repressive penal approach, whereby any irregularity resulting in state financial loss is immediately directed toward criminal proceedings without adequate differentiation between administrative errors and acts involving intentional misconduct (*dolus*) (Fitriani, 2023; Yuliani, 2023). This approach illustrates a legalistic tendency in law enforcement, emphasizing the formal fulfillment of legal elements rather than considering the context, motives, and degree of fault underlying the act. As a result, law enforcement practices risk disregarding the principle of *ultimum remedium* in criminal law and raise concerns of substantive injustice, particularly when administrative or non-intentional errors are treated in the same manner as deliberate corrupt acts.

The lack of differentiation in assessing fault within law enforcement practices further reveals a tendency to generalize various forms of irregularities as corruption offenses without adequately considering the nature of the underlying fault. In many cases, law enforcement authorities fail to clearly distinguish between administrative errors such as procedural mistakes, inaccurate record-keeping, or delays in reporting and acts involving intentional wrongdoing (*dolus*) aimed at personal enrichment. This condition reflects a weak application of the principle of fault in criminal law, particularly the doctrine of *geen straf zonder schuld*, which asserts that punishment may only be imposed where personal culpability is established (Marzuki, 2021; Diantha, 2021). Recent studies also indicate that the failure to differentiate forms of fault contributes to increased criminalization of village officials, especially in situations where irregularities stem from limited administrative capacity or the complexity of regulatory requirements rather than malicious intent (Suciati, 2022; Fitriani, 2023). Consequently, law enforcement tends to lose its dimension of proportionality, as violations involving relatively minor or administrative-level faults are subjected to severe criminal sanctions without adequate consideration of intent, motive, and the actual impact of the act (Prabowo, 2022; Widodo, 2023). Thus, the lack of differentiation in assessing fault not only creates legal uncertainty but also risks blurring the boundary between administrative law and criminal law in the governance of village funds.

## **Weaknesses of the Criminal Liability System**

### ***Absence of a Clear Normative Boundary***

A fundamental weakness in the system of criminal liability for the misuse of village funds lies in the absence of a clear normative boundary distinguishing administrative errors from corruption offenses. This ambiguity is reflected in the lack of explicit parameters for determining when an irregularity should be classified as an administrative violation and when it fulfills the elements of a criminal offense. In practice, various forms of procedural errors such as administrative inconsistencies, recording inaccuracies, or non-compliance with village financial management mechanisms are often directly brought into the realm of criminal law without undergoing adequate classification (Suciati, 2022; Fitriani, 2023). This condition indicates that the boundary between administrative law and criminal law has become increasingly blurred, leading to a tendency for any violation with potential state financial loss to be treated as a corruption offense (Prabowo, 2022; Widodo, 2023). From a criminal law perspective, however, the existence of a clear normative boundary is essential to ensure legal certainty and to prevent the criminalization of conduct that should be addressed through administrative mechanisms (Marzuki, 2021; Diantha, 2021). Therefore, the absence of well-defined parameters distinguishing administrative errors from criminal acts not only creates legal uncertainty but also risks undermining the fundamental principle of criminal liability, which requires the presence of fault as the basis for punishment.

### ***Overcriminalization***

The phenomenon of overcriminalization in law enforcement concerning the misuse of village funds is increasingly evident in the tendency to treat administrative errors as subjects of criminal punishment without adequate differentiation. In practice, various procedural violations such as administrative irregularities, discrepancies in accountability reports, and errors in the implementation of activities are frequently and directly classified as corruption offenses. This tendency is reflected in several recent cases across different regions. In East Java, for instance, the detention of the Village Head of Pragaan Daya in Sumenep Regency illustrates how discrepancies between actual project implementation and administrative reporting, as well as allegations of fictitious activities, were immediately processed under the framework of corruption offenses (TransMadura, 2026). Similarly, in Central Java, media reports have revealed comparable patterns in which village heads were prosecuted for discrepancies between accountability reports and actual conditions on the ground, even though the core issues were largely related to administrative disorder and weaknesses in financial management (Kompas, 2024; Jawa Pos, 2023). In West Java, cases have also emerged where

village heads faced criminal charges due to discrepancies in budget reporting and inadequately documented fund utilization, which were subsequently construed as causing state financial losses (DetikNews, 2024; Pikiran Rakyat, 2023). These cases collectively demonstrate that administrative errors such as procedural mistakes and poorly maintained documentation are often directly drawn into the criminal law domain without sufficient classification. This condition reinforces the trend of excessive criminalization (*overcriminalization*), in which criminal law is no longer positioned as *ultimum remedium*, but rather as the primary instrument for responding to administrative irregularities, without proportionate consideration of fault, intent, and contextual factors underlying the conduct (Suciati, 2022; Prabowo, 2022; Widodo, 2023; Fitriani, 2023).

### ***Neglect of the Element of Fault (Mens Rea)***

The neglect of *mens rea* constitutes a fundamental weakness in the system of criminal liability for the misuse of village funds, particularly in law enforcement practices that fail to clearly distinguish between acts committed intentionally (*dolus*) and those resulting from negligence (*culpa*). In many cases, law enforcement authorities tend to emphasize the existence of state financial loss without conducting an in-depth analysis of the form of fault underlying the conduct. Consequently, acts that are administrative in nature or arise from the limited capacity of village officials are treated in the same manner as deliberate acts carried out with malicious intent to unlawfully enrich oneself or others (Suciati, 2022; Prabowo, 2022). However, within criminal law doctrine, the distinction between *dolus* and *culpa* is a fundamental aspect in determining the degree of culpability and the extent of an individual's criminal liability, which directly affects the proportionality of sentencing (Marzuki, 2021; Diantha, 2021). The failure or lack of precision in identifying the form of fault ultimately gives rise to potential injustice, as conduct arising from administrative negligence or a lack of understanding of complex legal procedures is subjected to the same severity of criminal sanctions as acts committed intentionally and with premeditation. Accordingly, the neglect of *mens rea* not only obscures the principle of *geen straf zonder schuld* (no punishment without fault), but also reinforces a tendency toward disproportionate punishment in the enforcement of criminal law concerning the misuse of village funds.

### ***Disparity in Sentencing***

Sentencing disparity in cases involving the misuse of village funds constitutes a serious problem, reflecting an imbalance between the extent of state financial loss and the severity of criminal sanctions imposed. In judicial practice, it is not uncommon to find cases in which relatively minor state losses nonetheless result in severe imprisonment sentences, without

proportionate consideration of the degree of fault, motives, and contextual circumstances surrounding the conduct of village officials. This condition indicates that sentencing tends to be oriented toward the formal fulfillment of offense elements particularly the existence of state financial loss without a comprehensive assessment of the offender's level of culpability (Prabowo, 2022; Widodo, 2023). However, in modern sentencing theory, the principle of proportionality requires that criminal sanctions be commensurate with both the degree of fault and the harm caused, thereby preventing excessive punishment for relatively minor violations (Marzuki, 2021; Diantha, 2021). Furthermore, several studies suggest that such sentencing disparities are also influenced by the absence of clear guidelines for assessing the seriousness of conduct in village fund cases, granting judges broad discretion that may lead to inconsistency in judicial decisions (Suciati, 2022; Fitriani, 2023). As a result, offenders with differing levels of culpability may receive similarly severe sanctions, ultimately giving rise to concerns of injustice and obscuring the very purpose of sentencing. Accordingly, sentencing disparity not only reflects the weak implementation of the principle of proportionality but also underscores the need to reformulate sentencing policies toward a more just and balanced approach in addressing the misuse of village funds.

### ***Legalistic Approach***

A legalistic approach in law enforcement concerning the misuse of village funds constitutes a significant weakness that reinforces the tendency toward disproportionate punishment. In such an approach, law enforcement authorities tend to focus primarily on the formal fulfillment of statutory elements rather than considering the broader social, administrative, and capacity-related context of the offender. In practice, the assessment of a particular act is often based solely on whether elements such as "causing state financial loss" or "abuse of authority," as stipulated in legislation, have been satisfied, without a deeper examination of the underlying circumstances, including the limited capacity of village officials, the complexity of regulatory frameworks, and the factual conditions in the field (Prabowo, 2022; Widodo, 2023). As a consequence, criminal law is applied rigidly as a normative instrument, detached from the social realities in which it operates. However, from the perspective of modern criminal law, law enforcement should not only ensure legal certainty but must also incorporate considerations of substantive justice and social utility, which can only be achieved through a contextual analysis of the conduct in question (Marzuki, 2021; Diantha, 2021). An excessively legalistic approach ultimately leads to a reduction in the meaning of criminal liability, as it neglects essential factors such as motive, intent, and the objective circumstances influencing the act. Accordingly, the dominance of a legalistic

approach not only blurs the boundary between administrative errors and criminal offenses but also reinforces a formalistic mode of law enforcement that is insufficiently sensitive to the principle of proportional justice (Suciati, 2022; Fitriani, 2023).

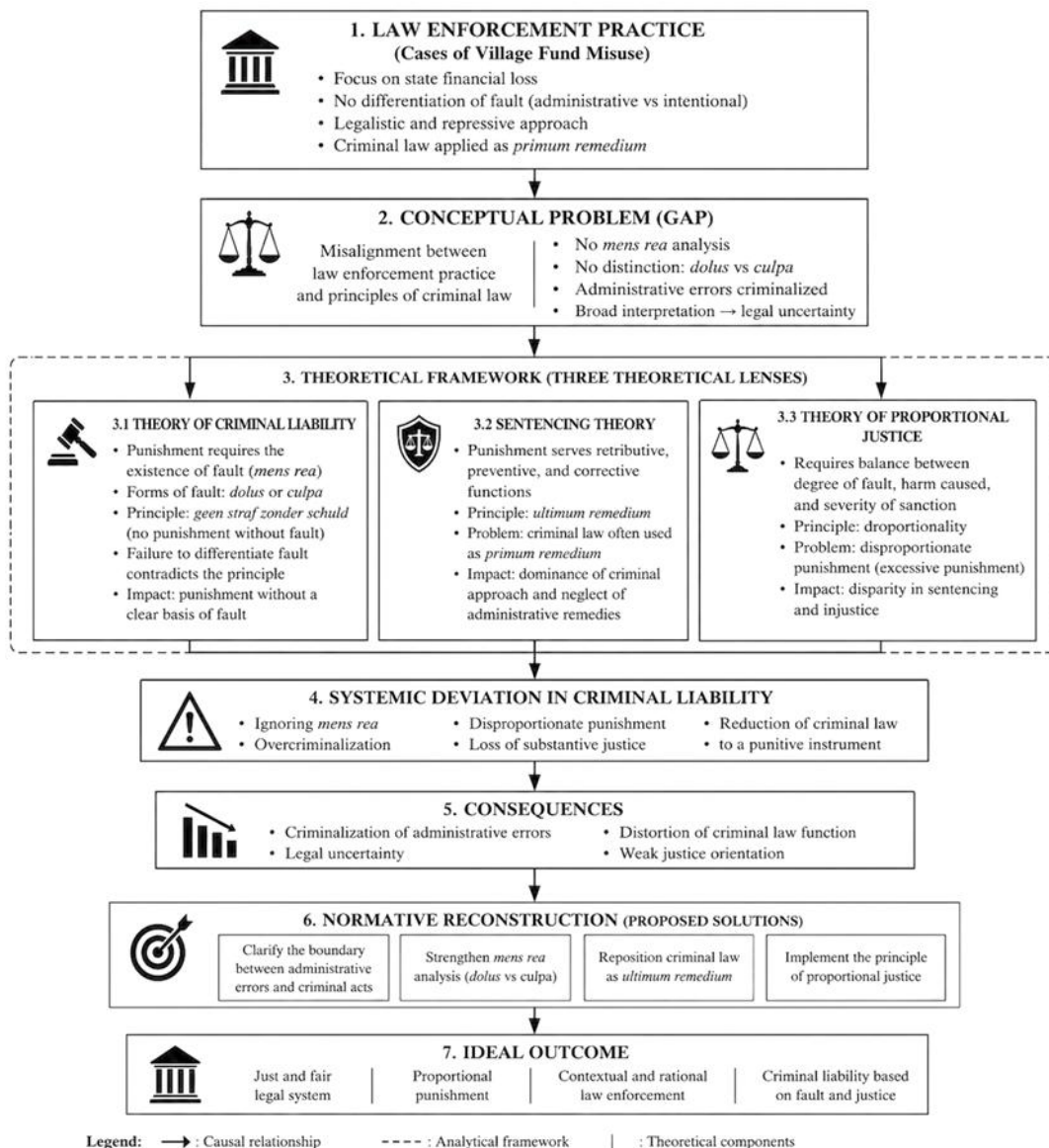
### **Theoretical Analysis**

An analysis of criminal liability practices in cases involving the misuse of village funds reveals a clear inconsistency between law enforcement practices and the fundamental principles of criminal law. In practice, law enforcement authorities tend to emphasize the fulfillment of the element of state financial loss without adequately differentiating the forms of fault involved, whether administrative in nature or involving intentional misconduct. As a result, errors arising from procedural mistakes, limited administrative capacity of village officials, or the complexity of regulatory frameworks are treated in the same manner as deliberate acts committed with the intent to unlawfully enrich oneself or others. This condition not only reflects a tendency toward the excessive use of criminal law but also indicates a lack of consideration for the social and administrative context underlying such irregularities (Suciati, 2022; Prabowo, 2022; Widodo, 2023).

From a theoretical perspective, this phenomenon can be explained through three principal approaches. First, the theory of criminal liability asserts that punishment requires the existence of fault (*mens rea*), whether in the form of *dolus* or *culpa*, such that the failure to differentiate between forms of fault contradicts the principle of *geen straf zonder schuld* (no punishment without fault) (Marzuki, 2021; Diantha, 2021). Second, sentencing theory posits that punishment should not only serve a retributive function but also preventive and corrective purposes, and should be positioned as *ultimum remedium*. However, in the context of village fund cases, criminal law is often employed as a primary instrument (*primum remedium*) without due consideration of administrative remedies (Fitriani, 2023). Third, the theory of proportional justice requires a balance between the degree of fault, the harm caused, and the severity of the sanction, thereby preventing excessive punishment (*excessive punishment*) (Ashworth, 2020; von Hirsch, 1993). When these principles are not consistently internalized, the system of criminal liability risks producing outcomes that are unjust and disproportionate.

The gap between law enforcement practices and theoretical constructs of criminal liability in cases of village fund misuse demonstrates that current legal implementation has not fully aligned with the foundational principles of criminal law. In practice, law enforcement frequently relies on the existence of state financial loss as the primary basis for punishment, without sufficient analysis of the offender's *mens rea*. Consequently, acts arising from administrative error or negligence are treated equivalently to intentional wrongdoing, thereby

violating the principle of *geen strafzonder schuld* (Marzuki, 2021; Diantha, 2021). At the same time, sentencing practices often disregard the principle of proportionality, as penalties are not always commensurate with the degree of fault and the harm caused, as evidenced in cases involving relatively minor losses but severe sanctions (Prabowo, 2022; Widodo, 2023). This condition indicates that law enforcement practices not only deviate from the theory of criminal liability but also neglect the principle of substantive justice that should underpin sentencing. Accordingly, this misalignment underscores the need to reformulate legal approaches by integrating the principle of fault with the principle of proportionality, thereby ensuring that law enforcement operates in a more just and rational manner.



**Figure 1.** Conceptual framework of theoretical analysis.

## Implications

The impact of a repressive and disproportionate pattern of criminal liability is directly experienced by village officials as the primary actors in village fund management. The lack of a clear boundary between administrative errors and criminal offenses places village officials in a vulnerable position to criminalization, even in situations where irregularities arise from limited administrative capacity or the complexity of regulatory frameworks. This condition not only generates fear in decision-making at the village level but also has the potential to hinder innovation and the effectiveness of village governance, as officials tend to adopt a defensive approach and avoid taking strategic decisions that involve risk (Suciati, 2022; Fitriani, 2023). In the long term, such circumstances may undermine the primary objective of village funds as instruments for local empowerment and community-based development.

From the perspective of the legal system, the impact is reflected in the disruption of the balance between administrative law and criminal law in regulating public financial management. The dominance of a penal approach in addressing irregularities in village fund management indicates an expansion of criminal law beyond the principle of *ultimum remedium*, transforming it from a last resort into a primary instrument of enforcement (Prabowo, 2022; Widodo, 2023). This shift contributes to an increased burden on the criminal justice system and creates the potential for inconsistency in legal application due to the absence of clear parameters for distinguishing types of violations. Moreover, this tendency risks obscuring the principle of substantive justice, as the legal system becomes more oriented toward punishment rather than toward proportionate and context-sensitive problem-solving.

In this context, reform efforts are necessary to establish a clear normative boundary between administrative errors and criminal offenses, as well as to strengthen the application of proportional justice within the system of criminal liability. Such reform may be achieved through the development of clear guidelines or parameters for classifying forms of misconduct in village fund management, ensuring that not all irregularities are automatically directed into the criminal law domain. In addition, enhancing the capacity of village officials in financial management and optimizing administrative oversight mechanisms as preventive tools are essential (Mardiasmo, 2018; Diantha, 2021). At the level of law enforcement, authorities should adopt a more contextual approach oriented toward substantive justice, positioning criminal law as *ultimum remedium*. Accordingly, these reforms are expected to foster a system of criminal liability that is more just, proportionate, and aligned with the fundamental principles of criminal law.

#### 4. CONCLUSION

This study finds that the fundamental problem in the system of criminal liability for the misuse of village funds lies in the absence of a clear normative boundary between administrative errors and corruption offenses. This ambiguity has led to various forms of irregularities, including procedural and administrative deviations, being readily classified as criminal acts without adequate classification. As a result, law enforcement operates within a broad scope of interpretation, creating legal uncertainty, particularly in determining whether a given act should be addressed through administrative mechanisms or processed within the criminal justice system.

Furthermore, this study critically highlights that the current system of criminal liability demonstrates a tendency toward disproportionality and excessive criminalization. Law enforcement practices tend to emphasize the existence of state financial loss without sufficiently considering the elements of fault, motive, and contextual factors underlying the conduct. This approach not only disregards the principle of *geen straf zonder schuld* (no punishment without fault), but also weakens the principle of proportionality in sentencing, resulting in relatively minor violations being subject to severe criminal sanctions. Such conditions reflect the dominance of a legalistic and repressive approach that is insufficiently responsive to substantive justice.

Based on these findings, this study recommends the formulation of clear parameters to distinguish administrative errors from criminal offenses in village fund management as a foundation for determining appropriate forms of legal responsibility. In addition, a reorientation of law enforcement approaches is required, emphasizing the principle of proportional justice by positioning criminal law as *ultimum remedium* and allowing broader space for administrative mechanisms in addressing non-intentional violations. Accordingly, the system of criminal liability is expected to evolve toward a more just, proportionate, and principled framework aligned with the fundamental doctrines of criminal law.

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