



The Dilemma of Customary Oversight of Village Funds: The Role of *Tuha Peut* in Village Governance in Aceh

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ABSTRACT

Fiscal decentralization through the Village Fund policy is intended to strengthen accountability and community participation in village governance. However, in practice, the oversight process at the village level still faces various institutional challenges. This study aims to analyze the role of the *Tuha Peut* as a customary oversight institution in the management of Village Funds in Aceh and identify factors influencing this oversight process. This study used a qualitative approach with a case study design. Data were collected through in-depth interviews with village officials, *Tuha Peut* members, and the community, as well as through document analysis related to Village Fund management. Data analysis was conducted thematically by linking empirical findings to the theoretical framework of public administration, particularly the concepts of accountability, participation, and hybrid governance. The results indicate that the *Tuha Peut*'s oversight role remains normative and procedural and has not yet developed into substantive oversight of Village Fund use. Limited institutional capacity, the dominance of village head (*keuchik*) power, and low community participation weaken the checks and balances mechanism at the village level. Although no direct evidence of corruption was found, this institutional configuration creates governance vulnerabilities, potentially opening up space for elite capture and irregularities in Village Fund management. This research confirms that strengthening Village Fund oversight requires integration between customary legitimacy, institutional capacity, and a more balanced distribution of power so that public accountability can be realized substantively.

1 | Introduction

Fiscal decentralization and strengthening local government are key agendas for public administration reform in various developing countries (Simanjuntak, 2015; Latifa et al, 2025). This policy is based on the assumption that local governments have better knowledge of community needs and are able to respond to public issues more effectively than the central government (Simatupang & Akib, 2011; Rachmad et al., 2023). However, public administration literature shows that decentralization does not automatically result in better governance (Ekaputra, 2025). On the contrary, the transfer of fiscal authority to the local level is often accompanied by an increased risk of abuse of authority, weak accountability, and limited institutional capacity in public financial management and oversight (World Bank, 2017; Smoke, 2015). Therefore, the issues of oversight and accountability have become central concerns in studies of local government governance.

In the context of community-based development, public fund management at the village level is seen as a strategic instrument for reducing poverty and regional inequality. Various international institutions emphasize the importance of inclusive governance that involves local actors and communities in development planning, implementation, and oversight (OECD, 2020; UNDP, 2018). However, empirical studies in various countries show that weak oversight mechanisms at the local level often open up space for corruption, local elite domination, and social exclusion (Crook & Manor, 1998; Faguet, 2014; Shofi, 2024; Hapsari et al., 2025). These findings indicate that the success of decentralization is

largely determined by the existence of effective and legitimate oversight institutions at the local level.

Indonesia is one of the countries that has progressively implemented fiscal decentralization down to the village level through the Village Fund (Widodo, 2017). Since its implementation in 2015, the Village Fund has become one of the largest fiscal transfer programs directly allocated to village governments (Direktorat Jenderal Perbendaharaan, 2025). This policy aims to accelerate village development, improve community welfare, and strengthen the autonomy and capacity of village governments. However, various studies indicate that the implementation of the Village Fund still faces serious challenges in governance aspects, particularly related to transparency, participation, and oversight (Lewis, 2015; Antlov et al., 2016; Polidu et al., 2025; Ramadhani et al., 2026). In many villages, Village Fund management is still dominated by village heads, while the oversight function has not been optimally implemented.

From a public administration perspective, village governance cannot be understood solely as a state administrative matter, but rather as an arena for interaction between various actors with varying interests, resources, and legitimacy. The good governance approach emphasizes that effective governance requires the involvement of non-state actors, including civil society and local institutions, in decision-making and public oversight (Rhodes, 1996; Bovaird, 2007). Therefore, the existence of local institutions with social and cultural legitimacy is a crucial factor in strengthening village government accountability.

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Aceh has unique characteristics in village governance through formal recognition of customary institutions (Kurniawan, 2025). Within the village government structure, the *Tuha Peut* serves as a representative institution with legislative, supervisory, and community aspirational functions. The *Tuha Peut*'s existence not only reflects the preservation of customary values but also serves as part of the formal government system governed by state regulations. This position places the *Tuha Peut* in a unique position as a hybrid governance actor, an institution that operates between customary and state bureaucratic logics (Meagher, 2012; Boege et al., 2009).

Normatively, the *Tuha Peut* has significant potential to strengthen oversight of Village Fund management. The customary legitimacy inherent in the *Tuha Peut* allows this institution to exercise a social control function that is closer to the community than formal oversight mechanisms. However, in practice, this role is not always realized effectively. Several institutional dynamics and power relations influence the *Tuha Peut*'s capacity to carry out its oversight function. Limited understanding of village financial regulations, dependence on village officials, and patronage relations with the village head often limit the *Tuha Peut*'s independence in conducting oversight.

This situation creates a dilemma regarding customary oversight in the management of Village Funds. On the one hand, the *Tuha Peut* is expected to safeguard customary values and community interests. On the other hand, the *Tuha Peut* is part of the village government structure and must operate in accordance with state administrative mechanisms. This dilemma is reflected in oversight practices that tend to be symbolic, where formal oversight is carried out but not followed by substantial corrective action. This phenomenon demonstrates that the existence of customary institutions in village governance does not automatically guarantee public accountability.

Previous studies on Village Funds and village governance in Indonesia generally highlighted the role of formal institutions, such as village heads and village consultative bodies, as well as the administrative aspects of financial management (Sujarweni, 2015; Lewis, 2015). Meanwhile, studies on customary institutions have focused more on social and cultural aspects, without linking them in depth to the function of public financial oversight. Research specifically examining the dilemma of the role of customary institutions in Village Fund oversight, particularly through qualitative approaches that explore actor dynamics and power relations, remains relatively limited. Thus, there is a research gap in understanding how customary institutions operate within the increasingly standardized village governance framework governed by the state.

Based on this gap, this study uses the theoretical framework of good governance, public accountability, and hybrid governance to analyze the role of *Tuha Peut* in overseeing the management of Village Funds. This approach allows for a more comprehensive understanding of how customary values, institutional structures, and state administrative mechanisms interact in village governance practices. Using a qualitative, descriptive design approach, this study seeks to in-depth describe the oversight

practices carried out by *Tuha Peut* and the dilemmas they face in the local Acehese context.

This study aims to analyze the role of *Tuha Peut* in overseeing the management of Village Funds and identify the dilemmas of customary oversight in village governance in Aceh. Theoretically, this study is expected to enrich the public administration literature on the role of local institutions in hybrid governance and public accountability at the village level. Practically, the findings of this study are expected to serve as a reference for policy formulation and strengthening the capacity of customary institutions to support more transparent, accountable, and responsive village governance to community needs.

2 | Metode

This study uses a qualitative approach with a descriptive design to analyze the role of *Tuha Peut* in overseeing the management of Village Funds, as well as the dilemmas that arise in village governance practices in Aceh. A qualitative approach was chosen because this study aims to understand social processes, institutional relations, and the meanings constructed by local actors in the context of village governance. This approach is relevant to studying the complex and contextual nature of governance phenomena (Creswell & Poth, 2018; Merriam & Tisdell, 2016). This research design focuses on systematically describing Village Fund oversight practices and the dynamics of the role of the *Tuha Peut* customary institution within the context of village governance. This research allows researchers to present in-depth empirical findings without making claims of statistical generalization, but rather by emphasizing a contextual and interpretive understanding of the phenomena under study (Nurhayati et al., 2024).

The research was conducted in one of the villages in Aceh Province, which was selected purposively. The location selection was based on several considerations, namely: (1) the village actively manages Village Funds, (2) the existence of the *Tuha Peut* institution which functions as part of the village government structure, and (3) the existence of institutional interaction between village officials and traditional institutions in village governance practices. The focus of the research was directed at the practice of Village Fund supervision, the role and function of the *Tuha Peut* in the process, and the dilemmas that arise due to the intersection between customary mechanisms and formal state administration.

Research informants were determined using purposive sampling, selecting informants based on their direct involvement, knowledge, and experience in the management and oversight of Village Funds (Patton, 2015). Key informants included village heads (*keuchik*), members of the *Tuha Peut*, village officials involved in village financial management, and community leaders familiar with the dynamics of village governance. The selection of informants from diverse backgrounds was intended to obtain diverse perspectives and strengthen the depth of analysis. The list of informants can be seen in **Table 1**.

Table 1. List of Informants

No	Informant	Date of Interview	Role
1	Mukhrizan	November 11, 2024	<i>Keuchik</i> /Village Head (Village Official)
2	Rahmad Wahyudi	October 11, 2024	Village Secretary (Village Official)
3	Nasrullah	October 20, 2024	Village Treasurer (Village Official)
4	Zul Karim	October 5, 2024	Chairman of <i>Tuha Peut</i> (<i>Tuha Peut</i>)
5	Abun Saleh	October 25, 2024	Member of <i>Tuha Peut</i> (<i>Tuha Peut</i>)

Source: Processed by author (2024)

Data collection was conducted using three main techniques. First, in-depth semi-structured interviews were conducted to explore informants' views, experiences, and interpretations regarding the role of the *Tuha Peut* and the Village Fund oversight mechanism. This semi-structured approach allowed researchers to maintain focus while providing space for informants to express their experiences reflectively. Second, field observations were conducted to directly observe village governance practices, interactions between the *Tuha Peut* and village officials, and processes related to decision-making and Village Fund oversight. Third, documentation studies were used to examine official documents, such as reports on Village Fund use, village regulations, and minutes of village meetings, to strengthen the data from the interviews and observations.

Data analysis was conducted thematically, using the interactive analysis model (Miles et al., 2014). The analysis process included data reduction through initial coding, grouping data into key themes relevant to the research focus, and drawing interpretive conclusions. Analysis was conducted simultaneously from the data collection stage to the writing of the research results, allowing for continuous sharpening of focus and deepening of interpretation. Data validity is maintained through the application of several strategies in qualitative research. Source triangulation is conducted by comparing information obtained from various informants, while technical triangulation is conducted by comparing data from interviews, observations, and documentation. Furthermore, researchers also conduct member checking, which involves reconfirming preliminary findings with specific informants to ensure interpretations align with their experiences (Lincoln & Guba, 1985). These steps aim to increase the credibility and reliability of research findings.

This research was conducted by paying attention to the ethical principles of social research, including obtaining informant consent before data collection, maintaining the confidentiality of informant identities, and using research data responsibly for academic purposes.

3 | Result

3.1 | Overview of Village Fund Supervision at the Gampong Level

The research results indicate that the management of Village Funds in the village follows administrative procedures established by the government. The planning process begins with a village deliberation involving village officials, the Village Council (*Tuha Peut*), and community members. In this forum, development programs to be funded by the Village Funds are discussed and incorporated into the Village Revenue and Expenditure Budget. Formally, this stage demonstrates the existence of a participatory mechanism in Village Fund management.

However, Village Fund oversight is still understood only as part of administrative procedures. Oversight is focused more on completing formal steps, such as document approval and reporting, rather than on critically evaluating the substance of budget use. This is evident in the lack of in-depth discussions regarding program effectiveness or the alignment between planning and implementation of village development activities.

In daily practice, Village Fund oversight has not been institutionalized as a continuous process throughout the village financial management cycle. Oversight tends to be conducted at specific moments, particularly during the planning and final reporting stages. This situation results in potential problems in activity implementation going undetected early. Overall, these findings indicate that Village Fund supervision at the village level is still administrative in nature and has not yet developed into substantive supervision that is oriented towards the results and impact of budget use on the community.

3.2 | The Normative Era of *Tuha Peut* in Village Fund Supervision

Normatively, the *Tuha Peut* is positioned as a traditional institution with a representative function and oversight of the village government. Research findings indicate that *Tuha Peut* members understand this role as a customary mandate and institutional responsibility. This understanding is reflected in the *Tuha Peut's* involvement in various formal village government forums.

"Our job at *Tuha Peut* is actually to supervise, so that Village Funds do not go astray and remain for the benefit of the community." (*Tuha Peut*, Interview, 2023).

During the Village Fund planning stage, the *Tuha Peut* (Village Council) is involved in village deliberations and discussions on the draft Regional Budget (APBG). In these forums, *Tuha Peut* members provide input and convey community aspirations regarding upcoming development programs. However, this role is primarily consultative and involves formal approval of the drafts prepared by village officials.

The limited discussion space and time in planning forums mean that the *Tuha Peut* does not always have the opportunity to thoroughly examine the budget details and implications of proposed programs. As a result, approvals are often based on trust in village officials, rather than on comprehensive technical evaluations. This finding indicates a gap between the *Tuha Peut's* normative role as a supervisory institution and its practical involvement, which remains limited to formal and procedural aspects.

3.3 | The Practice of *Tuha Peut* Supervision in the Implementation and Accountability Stages

During the implementation phase of activities funded by Village Funds, the *Tuha Peut's* supervisory role tends to be unstructured. Field observations indicate that the *Tuha Peut* rarely directly monitors the implementation of development activities, both physical and non-physical. Supervision relies primarily on information provided by village officials. During the implementation process, activity progress reports are usually submitted informally or in specific forums without a standard evaluation mechanism. The *Tuha Peut* accepts these reports as a form of interim accountability, but rarely conducts clarification or field checks to ensure they align with the actual situation.

During the final accountability phase, the *Tuha Peut* receives reports on the realization of Village Fund use prepared by village officials. Assessment of these reports focuses more on the completeness of administrative documentation than on analyzing program effectiveness and the quality of development outcomes. This situation indicates that the *Tuha Peut's* supervision during the implementation and accountability phase of Village Funds has not been optimal and remains passive, thus hindering its function as a control instrument. This situation was acknowledged by one *Tuha Peut* member, who stated that limited time and information are the main obstacles to direct supervision.

"We rarely go out and supervise directly. Usually, we just hear reports from the village head or village officials." (*Tuha Peut*, Interview, 2023)

This is also reinforced by the statement of the village officials who stated that the accountability process is more focused on fulfilling administration.

"The important thing is to have a complete report, following the format. When it comes to field results, they're rarely discussed in detail." (Village Official, Interview, 2023)

3.4 | Limitations of *Tuha Peut* Institutional Capacity

Limited institutional capacity is a key factor affecting the *Tuha Peut's* oversight process. Some *Tuha Peut* members stated they lacked a thorough understanding of village financial management regulations, including budgeting procedures and Village Fund accountability mechanisms. This limited understanding impacts the *Tuha Peut's* ability to critically analyze village financial documents. In many cases, *Tuha Peut* members struggle to identify potential discrepancies or issues in financial reports submitted by village officials.

Furthermore, the lack of ongoing training and mentoring exacerbates this situation. The *Tuha Peut* lacks adequate access to institutional capacity building, resulting in their oversight role being based on experience and informal knowledge. Overall, these capacity limitations limit the *Tuha Peut's* ability to substantively carry out their oversight function and directly impact the quality of Village Fund governance at the village level.

3.5 | The Power Relationship between *Keuchik* and *Tuha Peut*

The power relationship between the *keuchik* and the *Tuha Peut* influences Village Fund oversight practices. The *keuchik* holds a dominant position in Village Fund management, particularly in the planning and implementation of activities. This dominance is reinforced by greater access to financial information and administrative authority. Within this relationship, the *Tuha Peut* often finds themselves in an unbalanced position. Efforts to conduct more critical oversight are often limited by social and institutional considerations. The *Tuha Peut* tend to avoid actions that could potentially lead to open conflict with the *keuchik*.

This power relationship also influences communication patterns between the two institutions. Information regarding Village Fund management is often one-way, from village officials to the *Tuha Peut*, without equal dialogue for joint evaluation. These findings suggest that unequal power relations are a structural factor that limits the *Tuha Peut's* oversight process in Village Fund governance.

3.6 | The Dilemma of Customary Supervision in Village Fund Management

This research identified a dilemma faced by the *Tuha Peut* in carrying out their oversight function over Village Funds. On the one hand, the *Tuha Peut* has a customary responsibility to safeguard community interests and ensure that Village Funds are used in accordance with the values of justice and welfare. On the other hand, the *Tuha Peut* is part of the village government structure, which demands institutional stability and harmony. This dilemma influences the *Tuha Peut's* attitudes and actions in their oversight practices. Supervision is conducted cautiously and tends to avoid a confrontational approach.

"If we supervise too strictly, we'll be accused of not maintaining our relationships. But if we don't supervise, we'll also be seen as wrong in the eyes of society." (*Tuha Peut*, Interview, 2023).

Criticism of village officials is voiced informally or behind closed doors, without a clear corrective mechanism. As a result, the customary oversight function has not been able to drive significant change in Village Fund management practices. The dilemma between customary roles and administrative demands results in oversight being normative rather than substantive. These findings suggest that the customary oversight dilemma is a structural issue inherent in village governance, which combines customary institutions and state mechanisms.

3.7 | Public Perception of Village Fund Supervision

From the community's perspective, Village Fund oversight is still perceived as the responsibility of village officials and formal village institutions. Communities tend to view the *Tuha Peut* as part of the village government, rather than as representatives actively overseeing the use of Village Funds on behalf of the community. Community involvement in Village Fund oversight is relatively limited. Public participation generally occurs only at the planning stage through village deliberations, while at the implementation and monitoring stages, this involvement declines significantly.

The community's limited understanding of Village Fund oversight mechanisms reinforces this situation. Communities rarely voice criticism or input regarding the use of Village Funds, except when issues arise that directly impact their interests. These findings indicate that low community participation contributes to the weakening of the social oversight function of Village Funds and limits the role of the *Tuha Peut* as a bridge between the community and the village government.

4 | Discussion

4.1 | Public Accountability in the Supervision of Village Funds by *Tuha Peut*

From a public administration perspective, public accountability is a fundamental principle that requires government officials to be accountable to the public for the use of public resources in a transparent and oversightable manner. Accountability is not only defined as fulfilling administrative obligations but also encompasses substantive dimensions such as information transparency, performance evaluation, and corrective mechanisms for irregularities (Bovens, 2007). The findings of this study indicate that accountability in Village Fund management at the village level is still dominated by an administrative approach.

The role of the *Tuha Peut* as a customary oversight institution should, normatively, strengthen public accountability through a social control function based on cultural legitimacy. However, the research findings indicate that the *Tuha Peut's* oversight is primarily oriented toward receiving reports and complying with formal procedures, without critically evaluating the substance of Village Fund use. This situation reflects accountability practices that are procedural rather than substantive.

This phenomenon aligns with the findings of [Antlov et al., \(2016\)](#), which show that the implementation of Village Funds in Indonesia often results in high levels of administrative compliance, but has not been accompanied by improvements in the quality of public accountability. In the context of this research, the *Tuha Peut* have not yet functioned as actors capable of effectively promoting horizontal accountability, as their involvement remains limited to formal forums.

Furthermore, the *Tuha Peut's* limited capacity to understand village financial regulations weakens this accountability function. Without the technical capacity to assess financial reports and program implementation, oversight tends to be symbolic. This reinforces [Bovens \(2007\)](#) argument that accountability requires not only formal authority but also the institutional capacity to implement it.

Thus, the findings of this research demonstrate that the existence of customary oversight institutions does not automatically guarantee the realization of public accountability. Strengthening Village Fund accountability requires an integration of customary legitimacy and adequate administrative capacity so that oversight does not stop at the procedural level.

4.2 | Participation and Representation in Village Governance

Good governance theory positions community participation as a key pillar of democratic and inclusive governance ([Rhodes, 1996](#); [UNDP, 2018](#)). Participation is not only defined as attendance at formal forums, but also as meaningful involvement in the decision-making process and oversight of public policy. In the context of village governance, the *Tuha Peut* is positioned as a representative of the community, bridging the interests of residents with village officials.

Research results indicate that participation facilitated through the *Tuha Peut* remains limited. The *Tuha Peut's* involvement in village deliberations primarily serves as a forum for formal approval of plans prepared by village officials. The deliberation space, which should serve as a means of articulating community interests, has not been optimally utilized.

This situation aligns with the findings of [Faguet \(2014\)](#), who demonstrated that decentralization does not automatically increase substantive participation if local power structures remain dominated by certain elites. In this study, the dominance of *keuchik* in the planning and implementation of Village Funds limits the *Tuha Peut's* representation as community representatives. Furthermore, low community participation in Village Fund oversight weakens the position of the *Tuha Peut* as a representative actor. Communities tend to leave oversight entirely to village officials and formal institutions, without active social control mechanisms. This finding reinforces [Crook & Manor's \(1998\)](#) argument that community participation requires institutions that are not only formal but also have the capacity and legitimacy to organize citizen involvement. Thus, the representative role of the *Tuha Peut* in village governance still faces structural challenges. Strengthening participation cannot rely solely on the existence of customary institutions but requires

an institutional design that encourages deliberation, openness, and ongoing community involvement.

4.3 | Power Relations and Actor Domination in Village Fund Management

Power relations are a key factor influencing governance processes ([Samsudin, 2025](#)). Power lies not only in formal authority but also in control of information, resources, and social legitimacy ([Rhodes, 1996](#)). This study's findings indicate that Village Fund management at the gampong level is dominated by the *keuchik*, the primary actor. This *keuchik* dominance is reflected in their control of the Village Fund planning, implementation, and reporting processes. Meanwhile, the *Tuha Peut* occupies a relatively subordinate position within this power relationship. This imbalance limits the *Tuha Peut's* ability to exercise their oversight function independently and critically.

This finding aligns with research by [Aspinall & Berenschot \(2019\)](#), which highlights the strong dominance of local elites in democratic practices and governance in Indonesia. In the village context, the concentration of power in the village head often weakens the checks and balances mechanisms that should be implemented by representative institutions. Unequal power relations also impact institutional communication patterns. Information regarding Village Fund management often flows one-way, making it difficult for the *Tuha Peut* to obtain adequate data for oversight. This situation reinforces [Lewis \(2015\)](#) argument that fiscal decentralization without strengthening oversight institutions has the potential to reinforce the dominance of certain local actors. Thus, this discussion demonstrates that the challenges to Village Fund oversight stem not solely from institutional capacity, but also from the unequal power structure at the village level.

4.4 | The Hybrid Governance Dilemma: Between Custom and the State

The concept of hybrid governance explains the existence of institutions that operate between state mechanisms and local or customary norms ([Meagher, 2012](#); [Boege et al., 2009](#)). In the Acehese context, the *Tuha Peut* is a concrete example of a hybrid institution that combines customary legitimacy and formal state recognition. Theoretically, this model has the potential to strengthen governance through a combination of social legitimacy and administrative structures. However, research findings indicate that this hybrid position creates a dilemma in Village Fund oversight practices. The *Tuha Peut* is faced with the challenge of carrying out its supervisory function firmly while simultaneously maintaining social harmony and the stability of the village government. This dilemma leads to cautious oversight and a tendency to avoid conflict.

This phenomenon aligns with [Meagher \(2012\)](#), who stated that hybrid institutions often face role ambiguity and limited authority, which hinder their effectiveness. In this research, this dilemma is reflected in normative and non-confrontational oversight practices. Furthermore, increasingly stringent state administrative standards for Village Fund management do not always align with flexible, consensus-based customary mechanisms. The tension between these two logics limits the *Tuha Peut's* scope for effective oversight. Thus, this discussion confirms that hybrid governance is not an automatic solution to village governance problems. Without clear roles, authority, and institutional capacity, hybrid institutions like the *Tuha Peut* risk becoming trapped in a dilemma that weakens their oversight function.

4.5 | Theoretical Implications and Relevance to Public Administration Studies

The findings of this study have important implications for the development of public administration theory, particularly in the study of local and village governance. First, this study strengthens the argument that public accountability at the local level cannot be achieved solely through formal institutional design, but requires strengthening capacity and balancing power relations. Second, the findings regarding the role of *Tuha Peut* enrich the discourse on participation and representation in village governance. The existence of customary institutions as community representatives needs to be supported by concrete deliberative mechanisms so that participation does not remain merely symbolic. Third, this study makes an empirical contribution to the hybrid governance literature by demonstrating how role dilemmas emerge in public financial oversight practices. This study complements previous findings that have focused primarily on the context of African and Pacific countries (Boege et al., 2009; Meagher, 2012) by presenting the context of Aceh and the Village Fund.

Overall, this discussion confirms that Village Fund governance is a complex arena involving interactions between actors, institutions, and local values. A public administration approach that is sensitive to local contexts is key to understanding and improving oversight practices at the village level.

4.6 | Governance Vulnerabilities, Elite Capture, and the Risk of Misappropriation in Village Fund Management

Fiscal decentralization, including the Village Fund policy, is normatively designed to bring decision-making closer to the people and increase local government accountability. However, findings in public administration studies indicate that these outcomes are highly dependent on institutional configurations and power relations at the local level. Under certain conditions, decentralization can actually create governance vulnerabilities when oversight mechanisms do not develop in line with the increasing authority and discretion of local actors (Smoke, 2015; Faguet, 2014).

In the context of this research, the weak oversight capacity of the *Tuha Peut* and the dominant role of the *keuchik* create an unbalanced governance structure. Centralized authority in a single actor, unbalanced by effective institutional controls, creates a condition known in the literature as governance vulnerability. This vulnerability does not necessarily indicate corrupt practices, but rather indicates the existence of structural spaces that allow for irregularities in the management of public resources (Rose-Ackerman, 1999).

The concept of elite capture provides a relevant analytical framework for understanding this situation. Elite capture refers to a situation where local actors with power, access to information, and formal legitimacy are able to control the decision-making process and the distribution of public resources in an unequal manner (Bardhan & Mookherjee, 2005). In this study, the dominance of *keuchik* in the planning cycle through to Village Fund accountability, along with the relatively subordinate position of *Tuha Peut*, reflects a power configuration that has the potential to weaken the function of checks and balances at the village level.

Several empirical studies indicate that decentralization that is not accompanied by strengthening local oversight institutions tends to increase the risk of irregularities and clientelism. Crawford et al., (2023), for example, assert that broad fiscal discretion at the local level can exacerbate governance risks if not accompanied by substantial accountability mechanisms. These findings align with the empirical conditions in this study, where Village Fund oversight is more administrative and procedural than evaluative and substantive.

Furthermore, minimal public participation in Village Fund oversight deepens these governance vulnerabilities. When community social control is weak and representative institutions do not function optimally, public accountability becomes limited to fulfilling reporting formalities. In situations like this, Village Fund management relies heavily on the integrity of key individual actors, not on the strength of the institutional system itself.

It is important to emphasize that this study found no direct evidence of corrupt practices in Village Fund management. However, the combination of weak customary oversight capacity, the dominance of power, and low community participation suggests structural conditions vulnerable to irregularities. From a public administration perspective, these conditions are understood as governance risks that need to be addressed through institutional strengthening, redistribution of authority, and improved oversight, rather than simply tightening administrative procedures.

5 | Conclusion

This study shows that the role of the *Tuha Peut* in overseeing the management of Village Funds in Aceh remains largely normative and procedural. Although institutionally, the *Tuha Peut* has a mandate as a customary oversight body and community representative, this function has not been substantively implemented in the practice of Village Fund governance. The *Tuha Peut*'s limited institutional capacity, particularly in understanding regulations and the technical aspects of village financial management, is a key factor weakening its oversight function. This situation is exacerbated by the dominance of the *keuchik* throughout the entire Village Fund management cycle, which results in the checks and balances mechanism at the village level failing to function optimally.

This study also found that community participation in the oversight of the Village Fund remains limited and has not yet developed into meaningful social control. The position of the *Tuha Peut* as a hybrid institution combining customary legitimacy and formal state structures presents an oversight dilemma, where the demand to maintain social harmony limits critical oversight practices.

Thus, the existing institutional configuration and power imbalances reveal governance vulnerabilities that potentially open the door to domination and abuse by elites. These findings underscore that strengthening Village Fund governance requires more than mere administrative compliance; it necessitates enhancing the capacity of oversight institutions, increasing community participation, and establishing more balanced power relationships.

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Conflicts of Interest

The authors declare no conflict of interest.

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