

Examining Challenges of the Prosecutor Officials Combating Corruption of Capital Expenditures in Indonesia's Local Governments

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Abstract. This study explores corruption in capital expenditure of local governments and prosecutor officials' failure to combat it. Applying an instrumental case study strategy through an actor network theory (ANT) approach, the study analyzes archival data and field data got from in-depth interviews with 67 key informants in DI Yogyakarta's Regency/City. The results highlight the prosecutor officials face two essential hamper to handle corruption of using capital expenditure in local government. First, they have limited access to corrupt activities. Second, they experience some intervention to handle corruption. Thus, the study develops an analysis to decipher the local prosecutor officials fail in combating local corruption effectively, in which useful enhance anti-corruption strategies related to execution of local capital expenditures. The study also provides an insight to improve the understanding of local and national policymakers dealing with the corruption eradication ineffectively in capital expenditures.

Keywords: ANT, Capital expenditure, Corruption, Local government, Prosecutor

1 Introduction

Indonesia two decades ago carried out great reform to strengthen the role of state institutions in combating corruption. One of the institutions expected to better fight corruption is prosecutor officials, which law amendment reinforcing them through law 16/2004 [1]. Unfortunately, corruption has been still rampant on local government. Recently, the Governor of South Sulawesi Province was caught red-handed by the Corruption Eradication Commission (KPK) for corruption related to local government capital expenditure [2]. Previously, 41 of the 45 council members in Malang City, East Java Province and 51 total council members of the Jambi Provincial were suspected of accepting bribes related to the local budget [3]. However, Indonesia is still one of the most corrupt countries in the world, which is ranked 102 out of 180 countries [4]. So that, the role of the institution is not visible in the eradication of corruption on local governments [5].

Contradiction of expectations and facts from efforts to enhance Indonesia's handling of corruption has attracted the interest of scholars. [5] identifies prosecution of corruption cases in local area terribly political about strategies weakening local political rivals. [6] and [7] convey comprehensive needed of political will and capacity to minimize corruption in the institution of

law enforcement. So that, this study complements prior researches that have not studied in depth local prosecutor fails control corruption in executing capital expenditures by local governments.

This study concentrates on capital expenditures due to the root of corruption case, about 85% corruption cases come from procurement of the expenditure [8]. Then, most of big corruption cases engaged in the abuse and the misusing of capital expenditures in which take part in involving grand corruption, legislative corruption, and bureaucratic corruption [9]. Therefore, exploring deviant happens in capital expenditures enable to improve insight of corruption more in depth.

Applying an instrumental case study, the study carried out uses archival data and field data from in-depth interviews to key informants comprise state prosecutor officials, police investigators, politicians, state auditors, and executives (top managers, middle managers, and subordinates) of the local government, namely Bantul Regency, Sleman Regency, and Yogyakarta City. The findings based on actor network theory approach [10] and [11] conveys two essential challenges to prosecutors for controlling corruption in the executing capital expenditure of the local governments. First, the perpetrators of corruption have more sophisticated strategies to veil their illicit activities by complex networks so that the prosecutors hard find their actions. Second, the prosecutors face some pressures in carrying out their work. Thus, this study highlights great reform to the state prosecutor officials need re-rationalize their role and good governance in dealing with corruption in the local government.

2 Literature Review

2.1 Capital Expenditure in Corruption Context

Capital expenditures base on [12] are expenses allocated to purchase tangible assets or expenses allocated to the procurement or construction of tangible fixed assets that have a useful value of over twelve months. These assets are used in government activities to provide services and facilities to public, include land, equipment and machinery, buildings and constructions, roads, irrigation and networks, and other fixed assets. This is more commonly known as infrastructure spending or physical spending, which is closely related to public services.

The ineffectiveness of infrastructure spending in conditions of high corruption has become a topic of interest for post-reform scholars. [13] conveys that the actors shift social spending from education and health spending to infrastructure and defense spending, which provides opportunities for private gain corruptly through secrecy due to relatively hard to assess and far away from public to watch. [16] reveals that the perpetrators of corruption are more sophisticated than public surveillance that might monitor them so that the perpetrators of corruption can identify "the safe sections"—and commit corruption in those areas. As [16] argues that corruption involving infrastructure spending is more complex and not the same as other daily corruption that is easy to measure.

2.2 The State Attorney in Post-Reform Corruption

Recently, several scholars have studied law enforcement officials' efforts in combating post-reform corruption in Indonesia. The researchers are still pessimistic about the results of the reforms carried out to eradicate corruption. [17] states still hard to expect the corruption eradication by the Polices and the Prosecutor's Officers because the estuaries of corruption are still in these two institutions. This is usually done with the support of wealthy individuals, such as persons of government and law enforcement officials, lawyers, and lawmakers. This can be seen in performing arbitrary and random corruption prosecutions at the local level [5].

2.3 An Actor-Network Perspective on Corruption Perspective

Actor-Network Theory (ANT) can be described as a methodological tool based on a particular worldview that aims to trace the practices through which society congregates, through

which society is constantly reconfigured. Configuration is done through translation, which means displacement, shift, discovery, mediation, creation of links that did not exist before. This makes it possible to trace the corrupt practices of public officials that arise from the opacity between carrying out their obligations for the public interest or the interests of themselves and their cronies [18].

[10] identified and explained that there are four elements in translation that allow overlapping each other, namely problematisation, interessement, enrolment and mobilization. Problematisation is the determination of the identity and interests of actors that are in line with their own interests, which must go through an obligatory passage point. Next, the Interessement stage is to convince other actors to agree and accept the definition of the major actor. Meanwhile, in the enrolment stage, an actor accepts the interests determined by the key actors and seeks to achieve them through actor alliances that are aligned with the actor-network. Finally, the mobilization stage, where the major actor is ensured to represent the interests of other actors. Here, the possibility of treason occurs, i.e., situations where actors do not comply with the agreements arising from the enrolment of their representatives [10].

3 Methodology and Data Analysis

The study uses an instrumental case study strategy to collect and to analyze data, as [19] suggested. Besides archival data, collecting field data was carried out in the medium-size of local government related to corruption cases, namely Sleman Regency, Bantul Regency, and Yogyakarta City, where they can be compared to other Indonesia's local government. Moreover, we adopted three procedures in collection and analysis processes of the data as recommended by [20]. First, prioritizing regulatory and policy documents to analyze forms of violations that are categorized as corruption. Second, we use the BPK Audit Report (LHP) document to identify corruption in capital expenditures. Finally, an in-depth interview did to find out how the network functions, model it, and perform a detailed reconstruction of how the case unfolded. About 41 key informants elected based on their engagement in executing capital expenditures and handling corruption cases in the research context, namely 5 prosecutors, 5 police investigators, 3 state auditors, and 26 subordinates, 4 middle managers, and 2 top managers of governments. Interviews were doing February to April in 2021, lasted from 40 minutes to 90 minutes. Interviewees' real names do not show in this article to protect their identity. The key demographic and economic information concerning the studies are presented in Table 1.

Table 1. Key demographic and corruption information regarding studies

	Bantul Regency	Sleman Regency	Yogyakarta City
Population (2019)	949.325 (thousand)	1.075.575	414.055 (thousand)
Size	508.13 km ²	574,82 km ²	32,50 km ²
Total government budget 2019	IDR2.224 billion	IDR 2.768 billion	IDR1.856 billion
Corruption cases (2019)	27 cases (2010-2019)	4 cases	-

4 Research Result and Discussion

The text analysis results of the BPK's Audit Result Reports (LHP) (2020) depict capital expenditures in Bantul Regency are more prominent than the other two areas analyzed in showing corruption. Type of capital expenditure that becomes the major concern according to the results of the analysis is the procurement of local government construction services. Most common forms of corruption encountered in this analysis is an overpayment of work agreed to as "completed" work, presented in Table 2. The "completed" work actually has parts that have not been carried out or are not fully done, resulting in a lack of volume but paid in full.

Table 2. Recapitulation of analysis results on BPK findings related to corruption

Unit of Analysis	Infrastructure expenditure related to corruption potentially
Bantul Regency	Lack of work volume for housing funds for disaster-affected communities (local government loss of IDR20 million) and insufficient volume of work on 5 road construction packages (local government loss of IDR82 million).
Sleman Regency	Lack of work volume on five packages of road, irrigation and network construction works (local government loss of IDR212 million).
Yogyakarta City	Lack of work volume for the three work packages includes: procurement of equipment and machinery, construction of buildings and construction, and construction of roads, irrigation and networks (city loss IDR 95 million).

Further analysis of the documents and in-depth interviews reveal major roles of the state attorney's officer based on [1] to fight corruption. There are strong hopes for dealing with corruption in the local government still rest on the state prosecutor's officer because, besides police, just them have the authority to investigate and prosecute parties related to corruption in the local government (see article 30 paragraph 1 [1]). According to the criminal law, only the police and certain civil servants can conduct investigations into criminal acts, including corruption. After investigating, the police submit the results to the prosecutor's office for prosecution in court. In addition, the prosecutor's officers have authority to direct investigate extraordinary crime, like corruption. Therefore, they play an essential role in handling corruption in local government.

State prosecutors at the regional level does not have authority and advanced tool to tap corrupt activity, so they practically rely on the skills of their investigators to collect evidence. Unluckily, corrupt actors are more sophisticated in carrying out corruption. This makes the investigators can only receive reports or hear about it, but it is difficult to prove. According to the prosecutor avowal, he didn't know of the arrests of corruption cases in his working area by the KPK because the corruption was carried out complexly. In addition, the persecutors sometimes face the intervention of their superiors who want to handle corruption cases unconventionally. A prosecutor's investigator said, "...it was necessary to use multiple perspectives to look at corruption because their own superiors play golf, which cannot be covered by only the amount of their salary". These various challenges will color to search and to trace corruption in capital expenditures that involve a network of many actors.

Discussion and theorization of findings will be explained based on translation [10] in four stages: problematization, interesement, enrolment stage and mobilization of corruption found in this study.

Problematization

The beginning of the story of the actors involved in the implementation of capital expenditure in the context of corruption based on the ANT starts from the problematization [10], [11]. The major actor who has the authority to carry out capital expenditures for certain services in the local government is the official making the commitment (PPKom). In this, he/she tried to maintain his/her position and their friendship with local government business partners. Business partners, actors from political parties, and mediators will be resolved their problem through an agreement as an obligatory passage point from PPKom as the major actor.

Given PPKom is formally and substantively responsible for executing government procurement of goods and services, especially those involving third parties [21] allows for intervention from various parties who have higher power. Thus, PPKom makes a condition, as

an obligatory passage point, which allows the entrepreneur to win the competition, but this condition allows other entrepreneurs to participate, but can be disqualified.

Interessement

The next stage after actors identifies the problem is to find a solution by establishing a network, or interessement [10], [11]. It is unimportant who initiated to build the corrupt network because the actors have their own interests to be linked. Business people need a network to maintain continuity in their business. One entrepreneur revealed that:

“Maintaining relationships is very important in getting a job in the local government. Many want jobs and few are available, so it is important to communicate with local government councilors and procurement officials. I as an elder in this matter know the map in the council about budget plots. I can get direct procurement work two-pack from A board member, one package from B board member. I can work four to five jobs in a year with a budget of under IDR 200 million.”

The linking of the interests of the actors is done with a hidden agreement besides a formal agreement. The main actors use obligatory passage points to determine another actor involved [20]. Board members with political power can intervene PPKom to “facilitate” their business partners. Meanwhile, PPKom uses their authority to win over their business partners by providing them with a “freeway” (the government business partner's term for privilege).

The main actor will direct other actors to follow the capital expenditure procedure according to the rules. This condition makes burdensome for the local attorney to find evidences and then to prosecute. Recognizing of local government business partners is revealing they had to go through at least four stages of document verification in order to disburse work funds. Then, the regional treasurer also revealed that they have no problem with disbursement if all the required documents are complete, but if something is missing, we will return it to be completed. PPKom also said that financial administration is very complex in procurement, although it is not substantial but more clerical.

Enrolment

The next stage is enrolment [10], [11], which shows the strategy of the key actors so that other actors follow so that their activities are carried out legally and are difficult to track by investigators. The actors need cooperation to link their interests to the procurement of government goods and services, both based on information technology and through manual processes. Business people must follow directions from PPKom so that they are eligible to become the winner of the work package tender. If it is done through an electronic system, the procurement procedure involves the procurement official to determine the winner, but PPKom determines whether the winner is accepted or not. If not, then it is possible to make direct appointments to certain providers desired by the main actor. Thus, this stage is a role identification of the actors they play to link their interests in the corruption network through strategies that supervisors may not reach [22].

Mobilization

The last stage is mobilization, namely the behavior or actions of certain actors representing the interests of other parties who have entered the agreement [10], [11]. In corruption, these actions were carried out through hidden transfers, physically and socially, which made them difficult for investigators to track them down. Although local attorney can guess who the actors are, they have difficulty gathering evidence to track down the mastermind behind this corrupt activity. This is under the statement of the investigating prosecutor to the local attorney who stated that:

“Although we have guessed who the actors are related to corrupt activities in executing government procurement, it is difficult to prove it. None of the government officials confessed and proving it was difficult because the administration was well done. In

contrast to the private sector (provider or business people), which immediately recognized it and immediately returned local government losses. Here, the officials do not realize what they are doing is corruption, maybe because they feel they are not taking money, but that means taking part. They have low awareness of corrupt activities.” The results of the interview with PPKom depicted that the intervention sentence for determining the winner was carried out subtly, namely "...the results of yesterday's work were good." This means that PPKom must win the provider who does the work the board member is referring to. Eventually, the acknowledgment of the provider or businessman to the corrupt activity in the network is called [10] as betrayal.

Overall, the role of the local state attorney in pick up corrupt networks is still low. They find it is difficult to uncover corrupt networks disguised by legal procedures. The actors seem to hide corruption under legal procurement procedures. Interventions are carried out subtly. That is difficult for the local state attorney to understand.

5 Implication and Suggestion for Future Research

The study finds the performance of unscrupulous local officials and other actors involved in the corruption network in the use of capital expenditures has made the local state attorney powerless. Massive abuse of authority combined with sophisticated financial governance skills between actors, namely capital expenditure implementing apparatus, local politicians, mediators, and business people—makes the network of corruption more complex and blurred [25]. It is also found that the networks of actors involved in corruption use skills and knowledge to straddle traditional anti-corruption control systems as suggested by [22]. Thus, it is important to build a more established anti-corruption strategy, rather than relying on ineffective anti-corruption strategies over the past 56 years [6].

The study contributes to the literature by providing empirical observation in revealing the description of corruption as a translational process that allows us to identify several factors of corruption that include human and non-human actors and mechanisms that direct the creation of corruption networks as [20] conceptualized. Our study enhances the findings of prior studies about how the adoption of financial governance reforms that have yet to achieve their objectives as the outcome of corrupt committed by apparatus and regional political elites [24], a phenomenon that flourishes the scope for corruption in regional governments. In addition, this study provides an understanding to policy makers for comprehensive handling and increasing the effectiveness of the local state attorney's role in fighting corruption in the local government. It is important to actually handle corruption as an extraordinary crime that requires a firm commitment from the political elite to deal with it [6].

This study also has some limitations. The study only involved a limited number of instrumental case studies used in exploring the facts around corruption of local capital expenditures by the local state attorney. Therefore, further studies need to conduct further studies using several cases as a comparative study.

6 Reference

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