

Problems With The Definition of State Finance in The Management of Grants in Corruption Cases

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ABSTRACT

Objective: This study aims to analyze conceptual and juridical problems related to the definition of state finance in grant management and its implications for proving the element of state losses in corruption cases. **Method:** The research method used is normative legal research with legislative, conceptual, and case approaches, supported by the analysis of court decisions as well as the doctrine of state financial law and criminal law. **Results:** The results of the study show that there are inconsistencies in the interpretation of state finances, especially for grants that have been distributed to third parties, thus causing legal uncertainty in determining the status of state losses. **Novelty:** It is necessary to reconstruct the definition of state finance that is more restrictive and based on the principles of state control and responsibility so that there is no overcriminalization in law enforcement practices.

INTRODUCTION

The problem of the definition of state finance in the context of corruption crimes, especially those related to grant management, is an actual issue that continues to cause debate in law enforcement practices in Indonesia. Normatively, state finance is regulated in various laws and regulations with a wide scope, but in practice there is a conflict of interpretation regarding whether grant funds that have been distributed to third parties are still included in state finances. The difference in approach between institutions such as the Audit Board (BPK) which tends to use the perspective of state financial accountability, the Corruption Eradication Commission (KPK) which emphasizes the aspect of state losses in the construction of delicacies, and the Supreme Court (MA) through rulings that are not always consistent, shows the existence of interpretive disharmony that has an impact on legal uncertainty. This phenomenon is reflected in a number of corruption court rulings in the last five years that show variations in determining the financial status of the state for grant funds, whether managed by community organizations, foundations, and other private entities [1], [2], [3].

Based on these conditions, the legal problems that arise include the unclear conceptual limits of state finance in grant management, inconsistencies in the application of state loss elements in corruption cases, and the potential for disproportionate expansion of criminal liability (overcriminalization) [4], [5], [6]. This creates an urgency to conduct a comprehensive juridical study to rearrange the state's financial limits more

precisely, so as to provide legal certainty while maintaining a balance between state financial protection and the principle of justice in criminal law.

In this regard, the formulation of the problem in this study is: (1) how is the juridical construction of the definition of state finance in the management of grants based on laws and regulations and judicial practices; (2) what are the implications of the difference in the interpretation of the definition of state finance on proving the element of state loss in corruption cases; and (3) how to reconstruct the ideal state financial definition model in grant management to ensure legal certainty [7], [8].

This research fills a research gap in the legal literature that has tended to discuss state finance in general without specifically examining the problem of definition in the context of grants and their implications for the judicial practice of corruption crimes, and has not provided an operational and applicable conceptual formulation for law enforcement.

From the perspective of public law, state finance is understood as all state rights and obligations that can be assessed with money and everything, both in the form of money and goods, that can be made the property of the state in connection with the implementation of government functions. This conception places the state as the main subject that manages public resources for the public interest, so that the regulation is imperative and is in the domain of state administrative law. Normatively, this definition is explicitly formulated in Law Number 17 of 2003 concerning State Finance, especially Article 1 number 1, which states that state finance includes all rights and obligations of the state that can be assessed with money, including policies and activities in the fiscal, monetary, and state wealth management fields that are separated in accordance with Law Number 17 of 2003 concerning State Finance, Article 1 number 1. Furthermore, Law Number 1 of 2004 concerning the State Treasury emphasizes aspects of state financial management and accountability, including the mechanism for implementing the State Budget/Regional Budget.

Literature Review

State Finance Theory

From the perspective of state financial law as a specialized branch of public law, the main focus is not only on definitions, but also on state financial management, supervision, and accountability systems. Experts such as Rochmat Soemitro (2005) view state finance as the total state wealth that is managed through a budget mechanism and is under the control of the government. Meanwhile, Adrian Sutedi (2012) emphasized that state finance is not only limited to the State Budget/Regional Budget, but also includes all state wealth, including those that are separated and controlled by other parties on the basis of certain legal relationships. This approach expands the scope of state finance to include non-governmental entities as long as there is a relationship of control or control by the state.

In the context of grants, the main issue lies in determining the limit of when a grant is still qualified as state finance. Normatively, grants are part of state/regional expenditure regulated in the APBN/APBD mechanism and are given to other parties,

such as other local governments, business entities, community organizations, or individuals, without the obligation to repay. While the grant is still in the process of budgeting and distribution, there is no debate that the funds are state finance. However, after the grants were disbursed, a difference of perspective emerged:

1. The administrative approach (public finance approach) tends to consider fixed grant funds as part of state finances as long as their use must still be accounted for in accordance with laws and regulations.
2. The private or functional approach argues that once the funds are handed over and the control rights pass to the recipients, then the status is no longer fully state finance, unless there are irregularities that directly harm the state.

The tension between these two approaches is a source of problems in corruption cases, especially in proving the element of "harming state finances". If the definition of state finance is interpreted broadly, then all irregularities in grant management can be qualified as a criminal act of corruption. On the other hand, if interpreted narrowly based on actual control by the state, then not all grant irregularities can be immediately categorized as state losses.

Thus, theoretically, it can be concluded that the concept of state finance in public law is broad and covers the entire cycle of state financial management, while in state financial law there is a need to provide more precise operational limits, especially in the context of grants, in order to avoid expanding interpretations that have the potential to cause legal uncertainty in the enforcement of corruption crimes [9], [10].

Legal Certainty Theory

The theory of legal certainty according to Gustav Radbruch (1950) departs from his idea of the three basic values of law (die drei Grundwerte des Rechts), namely justice (gerechtigkeit), utility (zweckmäßigkeit), and legal certainty (rechtssicherheit). In this framework, legal certainty is interpreted as a condition in which legal norms are formulated clearly, unambiguously, consistently, and predictably applied, so that individuals can know with certainty the legal consequences of an act. Radbruch emphasized that laws should be positive (established by legitimate authorities) and enforced consistently to ensure social stability. However, in the development of his thought after World War II, Radbruch also argued that legal certainty should not be maintained absolutely if it is in striking conflict with justice (Radbruchsche Formel).

In the context of corruption in Indonesia, this theory of legal certainty becomes very relevant when faced with the ambiguity of the definition of "state finance", especially in the management of grants. Normatively, laws and regulations provide a broad definition, but they are not always operational in practice. As a result, there has been a variation in interpretation among law enforcement officials and state agencies, which has an impact on inconsistencies in determining whether a loss in grant management can qualify as a "state financial loss".

Such ambiguity is contrary to the principle of legal certainty in the sense of Radbruch, because: (1) the norm does not provide a firm limit on the financial scope of the state post-grant disbursement; (2) the application of the law becomes inconsistent

between cases; and (3) the subject of the law cannot rationally predict whether an administrative action in the management of the grant will have criminal implications. This condition has the potential to cause overcriminalization, where the expansion of the state's financial interpretation causes actions that should be in the administrative or civil realm to be drawn into criminal law [11], [12].

From Radbruch's perspective, this situation shows an imbalance between legal certainty and utility, and even has the potential to disrupt justice. Law enforcement that is not based on a clear definition can actually create substantive injustice, as the legal treatment becomes non-uniform for similar cases. Therefore, it is necessary to reconstruct the definition of state finance that is more limiting, clear, and consistent in order to meet the demands of *rechtssicherheit*, without ignoring aspects of justice and usefulness in the eradication of corruption.

Criminal Liability Theory

The theory of criminal responsibility in criminal law departs from the fundamental principle of "geen straf zonder schuld" (no crime without fault), which emphasizes that a person can only be convicted if there is an act that meets the formula of delinquency (*actus reus*) and is accompanied by a mistake (*mens rea*), (Moeljatno, 2008). In classical doctrine, the elements of criminal liability include: (1) the existence of unlawful acts (*wederrechtelijkheid*), (2) the ability to be responsible (*toerekeningsvatbaarheid*), (3) the existence of mistakes in the form of intentionality (*dolus*) or forgetfulness (*culpa*), and (4) the absence of excuses. This thinking was developed, among others, by Simons who emphasized that criminal liability requires a relationship between the perpetrator's actions and inner attitudes [13], [14], [15].

In the context of corruption crimes, especially as stipulated in Law Number 31 of 1999 concerning the Eradication of Corruption Crimes jo. Law Number 20 of 2001 concerning Amendments to the Corruption Law, the theory of criminal responsibility has expanded its characteristics. Corruption crimes, especially Article 2 and Article 3, require an element of "harming the state's finances or the state economy", so that criminal liability does not only depend on deeds and mistakes, but also on the consequences in the form of state losses. In practice, this is often construed as a material crime, even though the Constitutional Court has emphasized that the element of state loss must be proven in real terms [16], [17].

In relation to grant management, the problem of criminal liability arises when there is uncertainty regarding the status of grant funds as state finance. If the grant funds are still considered part of the state's finances, then any deviation in its use has the potential to meet the element of state loss. However, from the perspective of criminal liability theory, not necessarily every administrative irregularity can be qualified as a criminal act of corruption. It must be carefully proven: (1) the existence of unlawful acts in the management of grants; (2) there is intentionality or abuse of authority; (3) there is a causal relationship between the state's actions and losses; and (4) real and measurable state losses.

Furthermore, in practice, there is often an expansion of criminal liability against grant recipients (e.g. foundation administrators or community organizations) who are structurally not state administrators. This raises juridical issues related to the limits of the legal subject in corruption crimes. In modern theory, it is also known as the concept of functional perpetrator, where a person can be held criminally responsible for his or her role in managing state finances, even though he or she is not a formal public official.

Thus, the application of criminal liability theory in grant-related corruption cases requires a careful approach based on the principle of error, so as not to over-criminalize administrative violations. Firmness in defining state finances is key, because it will determine whether an act in the management of grants falls within the realm of criminal law or remains in the domain of administrative or civil law.

Legal Interpretation Theory

Legal interpretation theory is a methodological instrument to find the meaning of norms when the formulation of laws is unclear, multi-interpreted, or incomplete. In legal doctrine, several main methods are known, among them grammatical, systematic, and teleological interpretations, each of which has different characteristics and implications in judicial practice.

Grammatical (textual) interpretation focuses on the meaning of language from the formulation of norms as written in the law. Judges interpret words or phrases based on common legal meanings or terminology. In the context of state finance, this approach refers directly to the normative definition in Law Number 17 of 2003 concerning State Finance which defines state finance broadly to include all rights and obligations of the state that can be valued in money. If this approach is used rigidly, then the grants – even after they have been channeled to third parties – can still qualify as state finance as long as they are still related to state functions. As a result, the scope of state finance has become very broad and has the potential to expand criminal liability.

Systematic interpretation places a norm in the entire applicable legal system, paying attention to the relationship between laws and regulations. In this case, the definition of state finance is not only read from one law, but is also associated with Law Number 1 of 2004 concerning the State Treasury, Law Number 15 of 2006 concerning the Financial Audit Agency, as well as regional administrative and financial laws. Through this approach, it is possible to distinguish between state finances that are still under the direct control of the government and those that have been transferred to other parties through grant mechanisms. Systematic interpretation tends to result in more structured limitations, but still leaves room for different interpretations depending on the pressure points of the legal system used.

Teleological (sociological) interpretation is oriented towards the objective or ratio legis of a norm. In the context of criminal law on corruption, the main goal is to protect state finances and prevent abuse of power. Therefore, the interpretation of state finance is often broadened to include all forms of wealth related to the public interest, including misused grants. This approach is often used by law enforcement officials to ensure the

effectiveness of corruption eradication, although it risks compromising legal certainty if it is not proportionately limited.

The difference in the use of this interpretation method is one of the main factors for disharmony in judicial practice related to the definition of state finance. Judges or law enforcers who use a grammatical approach tend to literally expand the scope of state finances; a systematic approach that seeks to balance with the existing legal structure; Meanwhile, the teleological approach can encourage a more progressive interpretation for the purpose of eradicating corruption. As a result, in similar cases – especially related to grant management – different decisions can emerge in determining whether or not there is a state financial loss.

Thus, the problem of differences in the interpretation of state finance in judicial practice is basically a reflection of the absence of a uniform methodological standard of interpretation. To ensure legal certainty, it is necessary to harmonize the interpretation approach, by placing a clear boundary between the expansion of meaning for the sake of usefulness (teleological) and the need for clarity of norms (grammatical and systematic), so that there are no inconsistencies in the application of corruption criminal law.

RESEARCH METHOD

This research uses a type of normative legal research (normative juridical), which is research that focuses on the study of positive legal norms, legal principles, and doctrines that develop in legal science, especially related to the problem of the definition of state finance in the management of grants in corruption cases. The approach used includes: (1) the statute approach, by examining various regulations that regulate state finance and corruption crimes such as Law Number 17 of 2003 concerning State Finance, Law Number 1 of 2004 concerning the State Treasury, and Law Number 31 of 1999 concerning the Eradication of Corruption Crimes; (2) case approach, by analyzing court decisions related to disputes or corruption cases in grant management in order to identify the judge's interpretation pattern of the state financial concept; and (3) conceptual approach, by examining relevant legal doctrines and theories, such as state finance theory, legal certainty, and legal interpretation

The sources of legal materials in this study consist of: primary legal materials, namely laws and regulations and court decisions that have binding legal force; secondary legal materials, in the form of scientific literature such as books, journals, and the opinions of experts who discuss state financial law and corruption criminal law; as well as tertiary legal materials, such as legal dictionaries and encyclopedias that help provide terminological explanations. The technique of collecting legal materials is carried out through library research, by searching, inventorying, and classifying legal materials that are relevant to the research issue.

The analysis technique used is qualitative analysis with descriptive, interpretive, and argumentative approaches. Descriptive analysis is used to systematically describe the arrangements and practices related to the definition of state finance in grant management; Interpretive analysis is used to interpret legal norms that contain

ambiguity or conflict, particularly regarding the status of grant funds as part of state finances; Meanwhile, argumentative analysis is used to build a logical and prescriptive legal construction to answer research problems. Through this method, the research is directed to find clearer conceptual boundaries regarding state finance in the context of grants, so that it can contribute to increasing legal certainty in the enforcement of corruption crimes.

RESULTS AND DISCUSSION

Results

Regulations regarding state finance in the Indonesian legal system are comprehensively regulated in various laws and regulations. Law Number 17 of 2003 concerning State Finance provides a broad definition of state finance, covering all state rights and obligations that can be assessed with money, including state wealth that is separated or under the control of other parties. This arrangement is strengthened by Law Number 1 of 2004 concerning the State Treasury which focuses on aspects of state financial management and accountability, as well as Law Number 15 of 2006 concerning the Financial Audit Board which gives authority to BPK to examine the management and responsibility of state finances. Meanwhile, in criminal law, Law No. 31 of 1999 concerning the Eradication of Corruption jo. Law No. 20 of 2001 concerning Amendments to the Anti-Corruption Law makes "state financial losses" an essential element in several corruption offenses, especially Article 2 and Article 3, without providing an operational definition of the state's own financial limits.

In the context of grants, the arrangement is part of the state/regional expenditure budgeted in the State Budget/Regional Budget and given to other parties without the obligation of return, with the aim of supporting the administration of government or the public interest. Normatively, grants remain in state finances during the process of planning, budgeting, and disbursement. However, after the funds are handed over to the grantees—whether in the form of other local governments, community organizations, foundations, or private entities—there is a shift in the status of control that raises juridical issues regarding whether the funds can still qualify as state finance.

The main normative problem found is the inconsistency in the definition and expansion of the meaning of state finance in practice. First, the very broad definition in the State Finance Law opens up an elastic space for interpretation, so that state finance can cover almost all resources that are related to the state. Second, the absence of harmonization with the Anti-Corruption Law causes the element of "state financial loss" to often be interpreted differently by law enforcement officials. Third, there is a conflict of approach between institutions, where the BPK tends to use a broad approach to state financial accountability, while law enforcers such as prosecutors and investigators use a functional approach to expand the reach of corruption offenses, and the courts are not always consistent in imposing limits.

In judicial practice, this problem is reflected in various corruption case decisions related to grant funds. There is a decision that states that irregularities in the management

of grants by community organizations still cause state financial losses because the source of funds comes from the APBD, even though it has been distributed to recipients. On the other hand, there is also a more restrictive ruling by assessing that after the grant funds are received and controlled by a third party, the legal relationship that occurs is more private, so that it cannot necessarily be qualified as a financial loss to the state unless there is evidence of abuse that directly harms the state. This difference shows the absence of a uniform standard of interpretation, which ultimately creates legal uncertainty.

Thus, the results of this study confirm that the problem of the definition of state finance in grant management is not only conceptual, but also has a direct impact on law enforcement practices. Inconsistencies in regulation and interpretation open up space for the expansion and limitation of criminal liability that is not uniform, so that a clearer and harmonious reconstruction of norms between laws and regulations is needed.

Discussion

The problem of the definition of state finance in grant management shows a tendency to over-expand the meaning of state finance, regulatory disharmony, and serious implications for the criminalization of policies in the practice of law enforcement of corruption crimes.

First, regarding the over-expansion of the meaning of state finance, the very broad formulation in Law Number 17 of 2003 concerning State Finance has opened up unlimited room for interpretation, where state finance not only includes assets that are under the direct control of the state, but also those that have been transferred to other parties as long as they are still related to the public interest. In the context of grants, this expansion causes funds that have factually transferred control to the recipient to remain considered state finances. Juridically, this is problematic because it blurs the boundaries between the domains of public and private law, and potentially ignores the fundamental principle in criminal law that accountability must be based on a clear legal relationship between the state and the subject held accountable.

Second, there is a regulatory disharmony between state financial law and corruption criminal law. Law No. 1 of 2004 concerning the State Treasury emphasizes the management and administrative accountability aspects, while Law No. 31 of 1999 concerning the Eradication of Corruption jo. Law No. 20 of 2001 concerning Amendments to the Anti-Corruption Law uses the concept of "state financial loss" as an element of delinquency without providing clear operational limitations. This inconsistency causes the same norms to be interpreted differently by various institutions, such as the BPK, law enforcement officials, and the courts. As a result, there is no uniform standard for determining when a loss in grant management can qualify as a state loss.

Third, these conditions have an impact on the criminalization of policy. In practice, administrative policies related to the granting and management of grants – which are essentially the discretion of public officials – are often drawn into the criminal realm when there are procedural irregularities or inaccuracies in the use of funds. With the definition of state finance too broad, every administrative error has the potential to qualify as a criminal act of corruption, without first distinguishing between

maladministration, administrative violations, and criminal acts. This is contrary to the principle of *ultimum remedium* in criminal law, which places criminal justice as a last resort after other legal mechanisms are inadequate.

Juridically, this problem shows an imbalance between the need to protect state finances and the protection of legal certainty and freedom of action of public officials in carrying out government functions. The over-expansion of the financial meaning of the state and the disharmony of regulation have created too wide a space for interpretation for law enforcement, thereby increasing the risk of criminalization of policies that should be assessed within the framework of administrative law. Therefore, there is a need for stricter restrictions on the definition of state finance, especially in the context of grants, with emphasis on the aspect of real control by the state and clear public legal relations, so that the enforcement of corruption laws remains in line with the principles of legal certainty and justice.

The unclear definition of state finance in grant management has direct implications for three crucial aspects in law enforcement of corruption crimes, namely proving the elements of state losses, the determination of suspects, and the consistency of court decisions.

In proving the element of state loss, the lack of clarity in the definition leads to the absence of a definite standard regarding the object that can qualify as state finance. In practice, the element of "harming state finances" as stipulated in Law Number 31 of 1999 concerning the Eradication of Corruption Crimes jo. Law Number 20 of 2001 concerning Amendments to the Corruption Law is often proven by referring to the results of audits of institutions such as the BPK. However, if the grant funds that have been channeled to third parties are still considered state finances, then any irregularities in their use tend to be directly qualified as state losses, without an in-depth analysis of whether the state still has direct control rights or legal interests over the funds. This has the potential to lower the standard of proof, because state losses are no longer understood as concrete actual losses, but are simply based on assumptions related to the source of APBN/ APBD funds.

In the determination of suspects, this ambiguity expands the scope of legal subjects for which criminal liability can be requested. Grantees, such as foundation administrators or community organizations, are often designated as suspects on the basis that they manage state finances, although juridically the legal relationships that occur after the disbursement of grants can be private or semi-public. Under conditions of a vague definition, law enforcement officials have very broad discretion to determine who is considered to be "in control" of state finances, thus potentially causing legal uncertainty and even abuse of authority in the law enforcement process.

The most obvious impact can be seen in the inconsistency of court decisions. In cases that have similar characteristics – for example, misappropriation of grant funds by non-governmental organizations – there are decisions that state financial losses because the source of funds comes from the APBD, while other decisions state otherwise on the grounds that the funds have transferred control to the recipient. This difference not only reflects the variation in judges' interpretations, but also shows the absence of uniform

juridical parameters in assessing the financial status of the country. As a result, the principle of legal certainty is reduced, because the outcome of the verdict is difficult to predict and depends heavily on the interpretive approach used by each panel of judges.

Overall, the vagueness of the state's definition of finance creates a domino effect in the corrupt criminal justice system: evidentiary standards become inconsistent, the scope of criminal liability expands without clear boundaries, and court decisions lose uniformity. This condition emphasizes the urgency of formulating a more prescriptive and operational definition of state finance, especially in the context of grants, in order to ensure legal certainty, justice, and consistency in law enforcement of corruption crimes.

Comparative Analysis of *Das Sollen* and *Das Sein*—In a normative framework (*das sollen*), the definition of state finance is broadly formulated in Law Number 17 of 2003 concerning State Finance as all state rights and obligations that can be assessed with money, including those under the control of other parties. Ideally, this formulation is intended to provide maximum protection for public assets and ensure accountability throughout the country's financial management cycle, including in grant mechanisms. In the perspective of the theory of legal certainty according to Gustav Radbruch, the norm should be able to provide clarity, consistency, and predictability in its application, so that every legal subject understands the limits of when a fund is still qualified as state finance and when it is not.

However, in practice (*das sein*), the definition actually creates ambiguity, especially after the grant funds are channeled to third parties. Factually, there is a shift of control from the state to the grantee, which should logically be followed by a change in the law from public to private or semi-public. However, in law enforcement practice, the authorities often still qualify the grant funds as state finance without clear limits. This condition shows that norms that are ideally intended to provide certainty actually produce uncertainty in their implementation, thus contradicting the principle of *rechtssicherheit*.

From a theoretical perspective according to legal interpretation, the difference between *das sollen* and *das sein* can be explained through a variety of interpretation methods. The grammatical approach tends to retain the broad meaning of state finance as formulated in the law, thus including grant funds even though they have been diverted. The systematic approach seeks to place grants in the context of the overall financial legal system of the country, allowing for restrictions based on aspects of control and accountability. Meanwhile, the teleological approach is often used to expand the financial meaning of the state in order to achieve the goal of eradicating corruption, so that any deviation of grant funds can be drawn into criminal law. The difference in the use of this method leads to the absence of uniform standards of interpretation in judicial practice.

As a result, there is a gap between ideal concepts and practices. In *das sollen*, the definition of state finance should be clear and operational to ensure legal certainty; However, in the *Sein* watershed, the definition becomes elastic and depends on the interests of law enforcement. This has serious implications in the form of inconsistency

of decisions, uncertainty in proving elements of state losses, and potential criminalization of administrative policies in grant management.

Thus, through the analysis of legal certainty theory and legal interpretation, it can be concluded that the main problem lies in the insynchronization between the formulation of norms and the method of interpretation. To bridge this gap, stricter interpretive restrictions are needed – especially by emphasizing aspects of actual control and public legal relations – as well as standardization of interpretation methods by law enforcement and judicial officials, so that the definition of state finance in the context of grants can be applied consistently and meet the principle of legal certainty.

Conceptual Reconstruction – To overcome the problem of over-expansion, regulatory disharmony, and policy criminalization in grant management, it is necessary to reformulate (reconstruct) the definition of state finance that is more limitive, operational, and based on legal relations. This reconstruction must remain in line with the normative framework of Law Number 17 of 2003 concerning State Finance, but be given interpretive affirmation in order to meet the principles of legal certainty (*rechtssicherheit*) and proportionality in criminal law.

1. Basic Principles of Reconstruction

The ideal concept of state finance in the context of grants should be based on three main parameters:

1. Actual control by the state (actual control test);
2. Public law relationship test; and
3. The purpose of use that is still under the responsibility of the state (functional accountability test).

These three parameters serve as objective boundaries to determine whether a grant can still qualify as state finance or has been transformed into the private domain.

2. Formulation of Reconstructive Definitions

Conceptually, the definition of state finance in the context of grants can be formulated as follows:

"State finance in grant management is all funds sourced from the State Budget/Regional Budget that are still under the control or responsibility of the state public law, before and as long as there has been no transfer of legal control rights to the grantee in accordance with the provisions of laws and regulations."

With this formulation, there is a strict limit that:

Before the distribution of the grant, → remained the state's finances in full;

At the time of legal distribution, there → be a transfer of control;

After the distribution, → no longer automatically becomes state finance, unless:

- (a) there is an abuse directly related to the authority of public officials; or
- (b) there is a certain legal obligation that still places the state as a party with direct control.

3. Implications for Corruption Criminal Law

This reconstruction emphasizes that not every irregularity in the management of grants can be qualified as a criminal act of corruption. Law enforcement must meet the cumulative criteria:

- The existence of public legal relations that are still attached;
- The existence of abuse of authority by subjects who have public functions;
- There is a real loss of the state in the context of state control.

Thus, grantees who act in a private capacity cannot necessarily be held criminally liable for corruption, unless it can be proven that there is involvement in the scheme of abuse of public authority.

4. Prevention of Criminalization Policy

This reconstruction also serves as a safeguard against the criminalization of policy. Administrative policies in granting grants must be expressly distinguished from criminal acts. During the policy:

- Taken within the limits of authority (lawful discretion),
- Does not contain malicious intent (*mens rea*), and
- Does not cause state losses in the sense of actual control, so it should not be qualified as a criminal act of corruption.

5. Harmonization and Standardization of Interpretation

In order for this concept to be effective, harmonization between state financial law and criminal law is needed, including adjustments to the interpretation in Law Number 31 of 1999 concerning the Eradication of Corruption jo. Law Number 20 of 2001 concerning Amendments to the Corruption Law. In addition, there is a need for interpretive guidelines for law enforcement officials and judges to use a systematic and restrictive approach in interpreting state finances, in order to avoid uncontrolled expansion of meaning.

Based on this, the reconstruction of the definition of state finance in the context of grants must prioritize clear boundaries based on control and legal relations, so as to be able to bridge the need for state financial protection with the principles of legal certainty and justice. With this approach, law enforcement of corruption crimes becomes more measurable, proportionate, and avoids the practice of criminalizing administrative policies.

CONCLUSION

Fundamental Finding: The definition of state finance in juridical grant management is still broad and non-operational, leading to multiple interpretations in law enforcement. There is no firm limit on the status of grant funds after disbursement to third parties, which causes inconsistencies in proving state losses and applying criminal liability. Law enforcement practices lack uniformity, creating legal uncertainty and potentially leading to the criminalization of administrative policies that should fall under administrative or civil law. **Implication:** It is necessary to reconstruct the definition of state finance to be more restrictive, based on the aspect of actual control and public legal

relations, to provide legal certainty and maintain proportionality in applying corruption criminal law. This will ensure consistency and accountability in law enforcement practices and avoid over-expansion of state financial meaning. **Limitation:** The study's focus on normative research leaves a gap in understanding how law enforcement officials, such as investigators, prosecutors, and judges, interpret the concept of state finance. This highlights the need for empirical legal research to complement the existing normative framework. **Future Research:** Further research is needed to develop a conceptual model of state finance using an interdisciplinary approach that integrates public law, administrative law, criminal law, and public sector accounting. Empirical legal research should examine law enforcement practices to identify interpretation patterns and factors affecting different interpretations. Comparative law research with other countries' systems could provide best practices for defining state financial limits and their relation to criminal liability. A special study on the boundary between maladministration and corruption is also needed to define when an act should be criminalized or resolved administratively. Finally, research should contribute to the reformulation of national laws, particularly the revision of Law Number 17 of 2003 and Law Number 31 of 1999.

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