
STUDY ON THE POTENTIAL RISK OF CORRUPTION OFFENSES IN THE PROCUREMENT OF CONSTRUCTION WORK

Suhariyanto^{1*}, Fauziah Shanti CSM^{2,*}, Deni PA³, Bobby A⁴

^{1,2,3,4}Departement of Civil Engineering, Politeknik Negeri Malang, Jl. Sukarno-Hatta No. 9 Malang 65141, Indonesia

*Corresponding Author: suhariyanto.polinema@gmail.com

ABSTRACT

The public sector construction procurement is highly susceptible to corruption, which can result in state losses and hinder the objectives of construction procurement. This study analyzes the potential risks of corruption based on the Investigation Reports (BAP) of five cases handled by the author as an Expert Testifier for PBJ LKPP, focusing on the causal factors, responsible parties, frequency of violations, articles violated, and classification of violations as to whether they are due to *mens rea* or negligence. The results indicate that potential risks of corruption in construction projects include document forgery, illegal subcontracting, and weak supervision, which are triggered by a lack of transparency and regulatory enforcement. Proposed mitigation strategies include the implementation of e-procurement, strengthening supervision, and ethics training to improve integrity in construction procurement.

Keywords: investigation report (BAP), construction work procurement, potential risks, corruption, *mens rea*, negligence

Introduction

Construction work procurement is a sector that is highly vulnerable to criminal acts of corruption (Tipikor). According to the Corruption Eradication Commission (KPK), approximately 70% of corruption cases in Indonesia occur in the process of procuring government goods and services, which causes state losses of up to trillions of rupiah. The complexity of the procurement process, from the planning stage to implementation, creates gaps for deviations that result in financial losses and a decline in the quality of infrastructure.

This study examines five specific cases: Rehabilitation of the Community Health Center in City B (2021), Construction of the PELRA in Islands A (2019), Reconstruction of the BTJ Road in Regency B (2022), Construction of the M Ship in City M (2023), and Procurement of the Sports Hall in Regency B (2022).

This study is novel in that it analyzes the risk of corruption using Investigation Report (BAP) data from these cases, which includes the identification of perpetrators, regulations violated, frequency of violations, causal factors, and classification of *mens rea* (malicious intent) and

negligence. The research questions are formulated as follows: (1) What are the potential risks of corruption in construction procurement? (2) What are the main factors causing corruption vulnerability? (3) What are the risk prevention and mitigation strategies? The limitations of this research problem are an analysis based on the author's BAP as an expert in Government Procurement of Goods/Services (PBJP) of the Government Procurement Policy Institute (LKPP) in accordance with Presidential Regulation Number 16 of 2018.

The benefits of this research are theoretically enriching the academic literature on corruption in the construction sector, and practically providing input for creating a more transparent procurement system

Materials and Methods

This research uses a qualitative approach with a case study method to analyze alleged corruption in the procurement of construction work. Primary data comes from the Examination Report (BAP) compiled by the researcher as an expert in PBJP LKPP, in accordance with Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services. The analysis

was conducted descriptively using a risk mapping approach to map risks, responsible parties, frequency of violations, articles violated, and classification of mens rea and negligence. Data were processed using tables to systematically summarize the findings, thus enabling the identification of violation patterns and their causal factors.

Results

Based on research conducted, the results are as follows:

Table 1. Potential Risks of Corruption Offenses

N	Risk	Description	Implications/Losses
1	Document Forgery	Use of fictitious personnel or fake documents. Example: Rehabilitation of the Community Health Center in City B (2021) used fictitious personnel; BTJ Road in Regency B (2022) used fake supporting documents.	Losses of Rp300 million (Rehabilitation of the Community Health Center in City B), unfair bidding process.
2	Illegal Subcontracting	Unauthorized transfer of work. Example: Rehabilitation of the Community Health Center in City B engaged in illegal	Poor quality, state losses.
3	Specification Reduction	subcontracting .	Reduction in quality/volume without justification. Example: the BTJ Road in Regency B (asphalt 4.8 cm instead of 6 cm); M Ship in City M (2023) used substandard concrete.
4	Weak Supervision	PPK/consultant failed to inspect work. Example: Rehabilitation of the Community Health Center in City B and the Sports Hall in City B lacked K3 experts.	Losses of Rp300 million (Rehabilitation of the Community Health Center in City B), defective infrastructure.
5	Budget Mark-up	Irrational HPS. Example: M Ship in City M (mark-up of Rp1.91 billion).	Wasted budget, state losses.
6	Conflict of Interest	Planning consultant doubling as supervisor. Example: Rehabilitation	Collusion, non-independent supervision.

		of the Community Health Center in City B (PPK conflict).		3	Specification Reduction	3 (the BTJ Road in Regency B, M Ship in City M, the Sports Hall in City B	Mens Rea
7	Time Extension	Extension without force majeure. Example: the PELRA in Islands A (2019) with a 29-day extension.	Unauthorized disbursement, project delays.	4	Weak Supervision	3 (Rehabilitation of the Community Health Center in City B, the BTJ Road in Regency B, the Sports Hall in City B)	Negligence
8	Unauthorized Payment	Payment despite defective work. Example: M Ship in City M (low quality).	Misuse of state funds.	5	Budget Mark-up	1 (M Ship in City M)	Mens Rea
				6	Conflict of Interest	1 (Rehabilitation of the Community Health Center in City B)	Mens Rea

Table 2. Frequency and Classification of Corruption
Offenses

No	Type of Violation	Frequency (Cases)	Classification				
1	Document Forgery	2 (Rehabilitation of the Community Health Center in City B, the BTJ Road in Regency B)	Mens Rea	7	Time Extension	1 (the PELRA in Islands A)	Negligence
2	Illegal Subcontracting	1 (Rehabilitation of the Community Health Center in City B)	Mens Rea	8	Unauthorized Payment	1 (M Ship in City M)	Negligence/Mens Rea

Table 3. Procurement Regulation Violations and Frequency

N	Regulatio o n	Violation Description	Case Location	Frequenc y (Cases)
1	Perpres 16/2018 Article 118(1)c	Use of fake documents	Rehabilitati on of the Community Health Center in City B, the BTJ Road in Regency B	2

2	Perpres 16/2018 Article 87(3)	Subcontracting without permission	Rehabilitation of the Community Health Center in City B	1	3	Conflict of Interest	Appointment of non-independent parties, such as consultants with dual roles.	Ship in City M (failure to verify quality)
								Rehabilitation of the Community Health Center in City B (PPK conflict)
3	Perpres 16/2018 Article 17(2)	Quality/volume not meeting specifications	the BTJ Road in Regency B, M Ship in City M	2	4	Lack of Competence	Service providers lack adequate qualifications.	Rehabilitation of the Community Health Center in City B (borrowing company credentials)
4	Perpres 16/2018 Article 7(1)	Violation of procurement ethics	All cases	5	5	Non-Enforced Regulations	Weak or inconsistently applied sanctions for violations.	All cases (minimal law enforcement)
5	Perpres 16/2018 Article 6	Lack of transparency and accountability	M Ship in City M	1	6	Project Complexity	Technical nature of projects allows manipulation of technical specifications.	the BTJ Road in Regency B (reduction in asphalt thickness)
6	UU Tipikor Article 12(i)	Conflict of interest	Rehabilitation of the Community Health Center in City B	1	7	Budget/Time Pressure	Tight deadlines or budgets encourage illegal extensions or deviations.	the PELRA in Islands A (29-day extension without justification)

Table 4. Main Causes of Corruption Vulnerability

No	Factor	Description	Case Examples and Causes
1	Lack of Transparency	Irrational HPS determination and inadequate publication of procurement documents.	M Ship in City M (irrational HPS)
2	Weak Supervision	PPK and consultants fail to thoroughly verify work quality.	Rehabilitation of the Community Health Center in City B, M

Discussion

The BAP analysis shows that underspecifying and weak supervision are the most frequent violations, with mens rea-based violations (document forgery, illegal subcontracting, budget mark-ups) dominating the cases with the intent to enrich oneself, while weak oversight and time extensions are more often related to negligence. Violations of Article 7 paragraph (1) of Presidential Regulation 16/2018 in all cases confirm that a lack of ethics is at the root of the

problem. This implies the need for regulatory strengthening. A limitation of this study is that the data is sourced solely from the BAP, thus not covering all corruption cases. Future research could develop real-time analysis with broader data. In summary, the risk of corruption is very high and requires immediate mitigation.

Theoretical Framework: Corruption in Construction Procurement (2014–2024)

This theoretical framework integrates ten key academic references from the last decade to provide a comprehensive lens through which the empirical findings of the investigation reports (BAP) can be understood. Each theory addresses specific vulnerabilities identified in the analyzed cases, such as document forgery, specification reduction, and weak supervision.

1. The Fraud Diamond Theory: Beyond Opportunity

Based on Owusu, E. K., et al. (2019). *"Corruption in the construction industry: A review of features, causes, and effects."*, stated that the Fraud Diamond expands the traditional "Triangle" by adding Capability to the elements of Pressure, Opportunity, and Rationalization.

In construction, capability refers to an individual's technical knowledge and institutional power. This explains how perpetrators in the BTJ Road and M Ship cases possessed the specific "capability" to manipulate complex technical specifications, such as reducing asphalt thickness or using substandard concrete, while navigating the procurement system to avoid immediate detection.

2. Information Asymmetry: The Technical Gap

Based on Kenny, C. (2014). *"Infrastructure Governance: Corruption in the Construction Sector."* stated that information asymmetry occurs when one party in a transaction (the provider) possesses more or better information than the other (the government/supervisor). The technical nature of construction projects inherently creates an information gap. Providers exploit this gap to commit Specification Reduction. When the supervisor lacks the specific technical competence or tools to verify quality, the provider can easily hide deviations, as seen in the M Ship case where quality verification failed.

3. Institutional Theory: The Normalization of Deviance

Based on Locatelli, G., et al. (2017). *"Corruption in public projects and megaprojects: There is an elephant in the room!"* stated that Institutional theory posits that corruption can become embedded within the "rules of the game" of an organization or sector.

When regulations are inconsistently applied, corrupt practices become institutionalized. This study found that Non-Enforced Regulations were a factor in all analyzed cases. Practices like "borrowing company credentials" (borrowing bendera) for the Puskesmas City B project become normalized when the institutional environment lacks strict accountability and transparency.

4. Rent-Seeking Behavior: Manipulating for Profit

Based on Wells, J. (2015). *"Corruption in the Construction of Public Infrastructure."* stated that Rent-seeking is the attempt to increase one's share of existing wealth without creating new wealth, often through the manipulation of the political or regulatory environment.

In construction procurement, this manifests as Budget Mark-ups. By setting an irrational Owner's Estimate (HPS), as seen in the M Ship project (mark-up of Rp1.91 billion), perpetrators capture "rent" from state funds through non-competitive or manipulated pricing.

5. Digital Mitigation: The Role of e-Procurement

Based on Neupane, A., et al. (2014). *"Evaluation of e-procurement technology adoption."* stated that this theory evaluates how digital technology can reduce corruption by increasing transparency and reducing physical human interaction.

The implementation of e-procurement is a primary mitigation strategy suggested by the results. By digitizing the bidding process, the system reduces the opportunity for manual Document Forgery and the "Lack of Transparency" noted in the irrational HPS determination of the M Ship case.

6. Agency Theory: Principal-Agent Conflicts

Based on Sohail, M., & Cavill, S. (2018). *"Accountability to*

prevent corruption in construction projects." stated that Agency theory examines the relationship where one party (the Principal/Public) delegates work to another (the Agent/Procurement Officer/Provider). Corruption occurs when the Agent acts in self-interest rather than the Principal's interest.

This explains Conflict of Interest and Illegal Subcontracting. In the Puskesmas City B case, the agent (PPK) failed their duty to the principal by allowing unauthorized work transfers and maintaining conflicting roles, leading to poor quality and state losses.

7. Ethics and Compliance Culture

Based on Zou, P. X. (2016). *"Fostering a compliance culture in the construction industry."* stated that the perspective focuses on the moral and ethical framework of the industry, emphasizing that technical controls are insufficient without an ethical culture.

The study confirms that a Lack of Ethics is at the root of the problem, with violations of Article 7 paragraph (1) of Perpres 16/2018 occurring in all five cases. Mitigation through ethics training is essential to transform the compliance culture from one of "checking boxes" to one of genuine integrity.

8. Risk Mapping: Identifying Violation Patterns

Based on Tabish, S. Z., & Jha, K. N. (2015). *"The boundaries of public procurement: Case studies of corruption in construction."* stated that the risk mapping involves systematically identifying and categorizing vulnerabilities within the procurement cycle.

This research adopts this approach by mapping risks to specific Articles Violated and Responsible Parties. The analysis reveals that while Mens Rea (malicious intent) drives forgery and mark-ups, Negligence often defines weak supervision and time extensions.

9. Behavioral Economics: Rationalizing Dishonesty

Based on Bowen, P., et al. (2015). *"Corruption in the South African construction industry."* stated that the behavioral economics looks at the psychological factors that lead

individuals to rationalize corrupt acts, such as "everyone else is doing it" or "the budget is too tight."

This theory explains Budget/Time Pressure as a causal factor. In the PELRA Islands A case, the pressure of deadlines likely led to the rationalization of a 29-day extension without force majeure, which was classified as negligence in the investigation.

10. Public Choice Theory: Political Economy of Corruption Based on Rose-Ackerman, S. (2016). *"Corruption and Government: Causes, Consequences, and Reform."* Stated that the public choice theory applies economic tools to political science, suggesting that officials act as "rational utility maximizers" who may prioritize personal or political gain over public service.

This theory provides context for the Conflict of Interest found in the Rehabilitation of the Puskesmas City B, where the planning consultant doubled as a supervisor. It highlights how the structural setup of procurement allows officials to maximize their own utility at the expense of infrastructure quality.

Table 5. Summary of Theoretical Integration

Theory	Focus in this Study	Key Evidence [cite]
Fraud Diamond	Personnel & Document Capability	Fictitious personnel in City B
Information Asymmetry	Technical Spec Manipulation	Asphalt 4.8cm vs 6cm
Institutional Theory	Lack of Enforcement	Minimal law enforcement in all cases
Rent-Seeking	Mark-up of HPS	Rp1.91 billion mark-up in Ship project
e-Procurement	Transparency Strategy	Proposed mitigation for HPS
Agency Theory	Subcontracting &	Unauthorized

	PPK Roles	work transfer in City B
Ethics & Norms	Root Cause (Perpres 16/2018)	Violation of Article 7 in 5/5 cases
Risk Mapping	Systematic BAP Analysis	Mapping frequency vs classification
Behavioral Econ	Deadline & Budget Pressures	29-day extension in PELRA case
Public Choice	Conflict of Interest	Consultant doubling as supervisor

Conclusion

This study identified corruption risks such as document falsification, reduced specifications, and weak supervision as the most frequently occurring violations. Cases were dominated by mens rea (document falsification, illegal subcontracting, budget mark-ups, conflicts of interest) and negligence (weak supervision, time extensions). Parties involved included the PPK, service providers, supervisory/planning consultants, other officials (KPA/PA/APIP), and the private sector, with the main violations being Article 7 paragraph (1) of Presidential Decree 16/2018. The main causal factors included a lack of transparency, weak supervision, and a lack of regulatory enforcement. Mitigation strategies such as e-procurement, strengthening independent supervision, and ethics training can improve integrity in construction procurement..

Acknowledgements

The researcher would like to thank Malang State Polytechnic for the financial support through DIPA Number: 023.18.2.677606/2024..

Reference

- [1] Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah, *Peraturan Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah Nomor 12 Tahun 2021 tentang Pedoman Pelaksanaan Pengadaan Barang/Jasa Pemerintah melalui Penyedia* [Regulation of the National Public Procurement Agency Number 12 of 2021 on Guidelines for the Implementation of Government Procurement of Goods/Services through Providers]. Jakarta, Indonesia: Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah, 2021.
- [2] Pemerintah Republik Indonesia, Peraturan Presiden Nomor 16 Tahun 2018 tentang Pengadaan Barang/Jasa Pemerintah [Presidential Regulation Number 16 of

- 2018 on Government Procurement of Goods/Services]. Jakarta, Indonesia: Sekretariat Negara, 2018.
- [3] Pemerintah Republik Indonesia, Peraturan Presiden Nomor 12 Tahun 2021 tentang Perubahan atas Peraturan Presiden Nomor 16 Tahun 2018 tentang Pengadaan Barang/Jasa Pemerintah [Presidential Regulation Number 12 of 2021 on the Amendment to Presidential Regulation Number 16 of 2018 on Government Procurement of Goods/Services]. Jakarta, Indonesia: Sekretariat Negara, 2021.
- [4] Rose-Ackerman, S. 2016. *Corruption and Government*.
- [5] Kenny, C. 2014. *Infrastructure Governance*.
- [6] Locatelli, G., et al. 2017. "Corruption in public projects."
- [7] Wells, J. 2015. "Corruption in Public Infrastructure."
- [8] Neupane, A., et al. 2014. "Evaluation of e-procurement."
- [9] Sohail, M., & Cavill, S. 2018. "Accountability in construction."
- [10] Zou, P. X. (2016). "Fostering a compliance culture."
- [11] Owusu, E. K., et al. 2019. "Corruption in the construction industry."
- [12] Bowen, P., et al. 2015. "Corruption in South African construction."
- [13] Tabish, S. Z., & Jha, K. N. 2015. "Case studies of corruption."