

# Audit & Inspection Commission of SMG



September, 2019



# Contents

01

Launch of Audit Commission

02

Structure of Audit Commission

03

Organization and Major Functions

04

Results of Audit Commission Operation

05

Domestic/Overseas Exchanges

※ Effort for Improving Integrity  
of Seoul Metropolitan Government



# SMG – General Status

## 1 Seoul Population & Size(as of Dec. 2018)

**Population: 10,050,000 in 4,264,000 households**

(9,766,000 Koreans + 284,000 registered aliens)

**Land size: 605.21 km<sup>2</sup>**(0.6% of the entire country)

**Administrative units : 424 dong in 25 districts**

## 2 SMG Organization(as of Feb. 2019)

**SMG : 3 vice mayors, 6 offices, 5 HQs, 8 bureaus, 14 institutions/organizations, 156 divisions/officers, 3 business HQs, 32 subsidiary institutions(including 24 fire departments), 47 business operations, 2 council bodies(18,427 employees in total)**

**Autonomous districts: 25 autonomous districts composed of 140 bureaus, 824 divisions/officers, 25 public health centers(34,175 employees in total)**

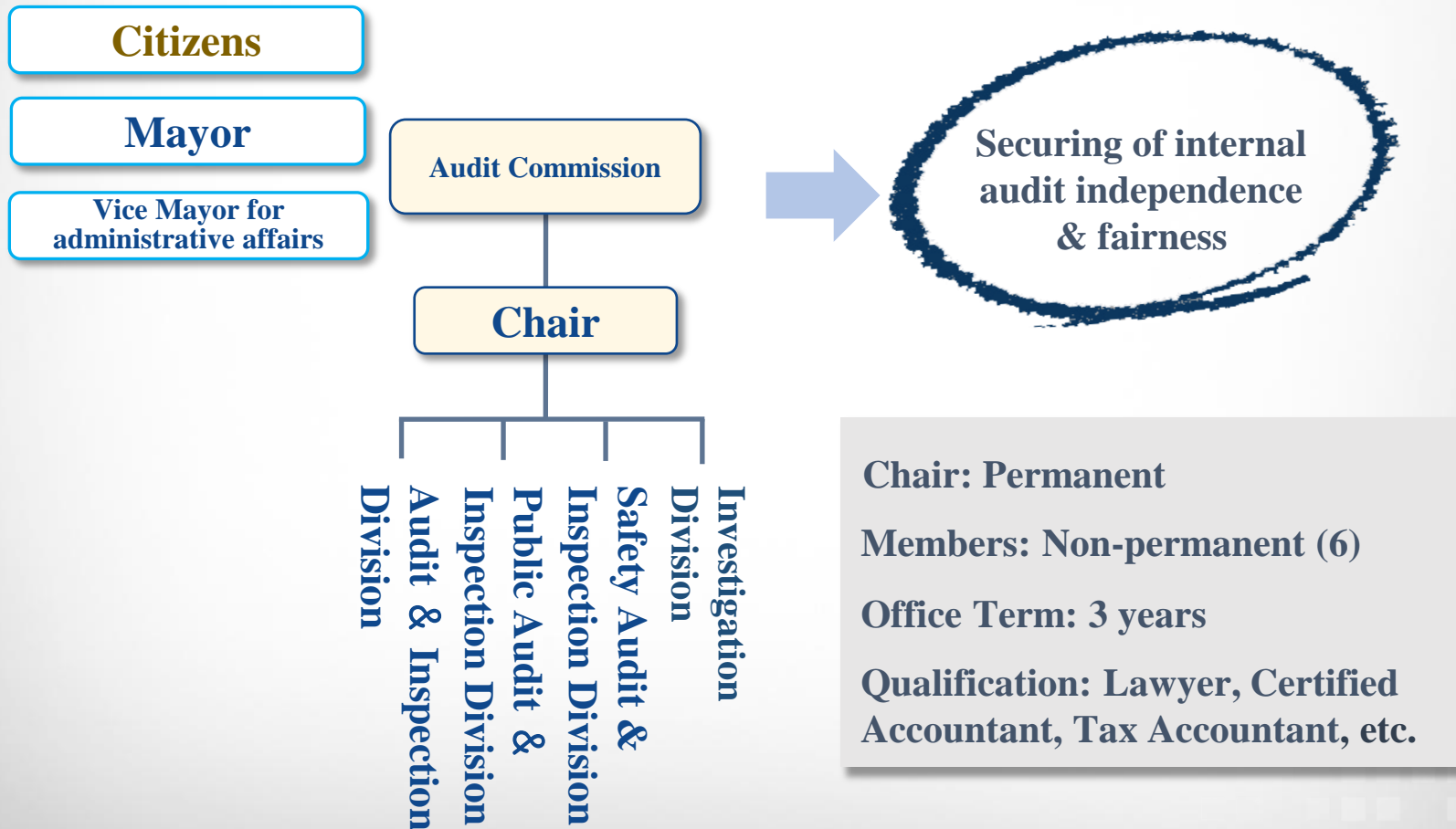
## 3 Annual Budget

**SMG : 35.7416 trillion won**

**Autonomous districts: 15.7556 trillion won**



July 1, 2015 - The system of a single auditor converted to the Audit Commission, a collegiate body reporting directory to the Mayor

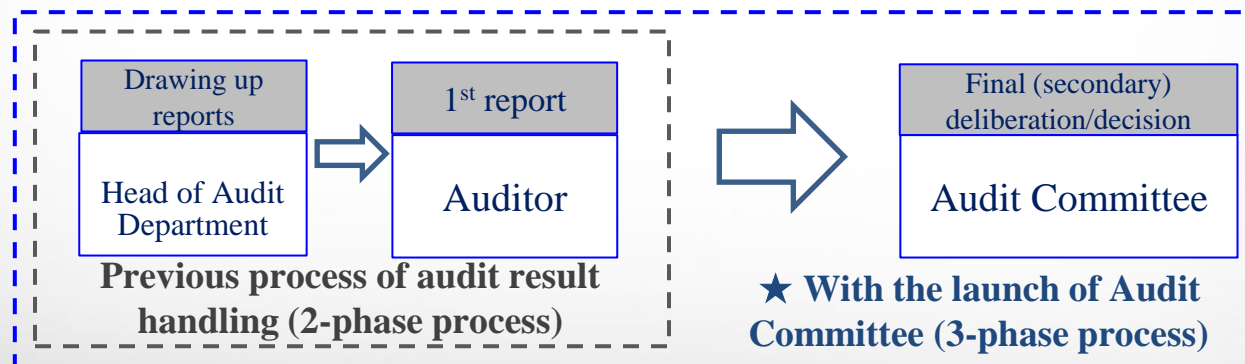


**An internal auditing body with fortified independence & transparency**

- Conversion from a body controlled by vice mayor for administrative affairs to one reporting directly to the mayor
- Conducting of business independently in all stages of operation, i.e. establishment of audit plan, execution of plans, and processing of results

**Producing fair & reasonable audit results as a collegiate body**

- Handling of audit plan, changes, and results through mutual consultation
- Securing fairness, objectivity, propriety, prudence of auditing



## ✓ Appointment of Audit Commission members(7/1/2015)

Category	Number	Status	Term of Office	Basis	Note
<b>Chair</b>	<b>1</b>	<b>Regular</b>	<b>2 years ~ 3years</b>	<b>SMG Ordinance, Additional Rules, Article 4</b>	
<b>Members</b>	<b>6</b>	<b>Non-regular</b>	<b>3 years</b>	<b>SMG Ordinance, Article 5</b>	<b>Lawyer 3, Certified Accountant 1, Tax Accountant 1, Law School Professor 1</b>

**Audit  
Commission**

**Chair**

Investigation  
Division  
Safety Audit & Inspection  
Division  
Public Audit &  
Inspection Division  
Audit & Inspection  
Division



Audit & Inspection Division ( 7 teams )	Public Audit & Inspection Division ( 3 teams )	Safety Audit & Inspection Division ( 5 teams )	Investigation Division ( 8 teams )
<ul style="list-style-type: none"> <li>▷ General Audit Team</li> <li>▷ Audit Team-1</li> <li>▷ Audit Team-2</li> <li>▷ Audit Team-3</li> <li>▷ Daily Audit Team</li> <li>▷ Legal Deliberation Team-1</li> <li>▷ Legal Deliberation Team-2</li> </ul>	<ul style="list-style-type: none"> <li>▷ Public Audit Team-1</li> <li>▷ Public Audit Team-2</li> <li>▷ Public Audit Team-3</li> </ul>	<ul style="list-style-type: none"> <li>▷ Safety Audit Team-1</li> <li>▷ Safety Audit Team-2</li> <li>▷ Safety Audit Team-3</li> <li>▷ Safety Audit Team-4</li> <li>▷ Subcontract Audit Team</li> </ul>	<ul style="list-style-type: none"> <li>▷ Investigation Team-1</li> <li>▷ Investigation Team-2</li> <li>▷ Investigation Team-3</li> <li>▷ Investigation Team-4</li> <li>▷ Investigation Team-5</li> <li>▷ Discipline Investigation Team</li> <li>▷ Ethics Team</li> <li>▷ Public Informant Team</li> </ul>

## › Total Staff

Total	Audit & Inspection Division	Public Audit & Inspection Division	Safety Audit & Inspection Division	Investigation Division
132	50	17	31	34

## › Audit Duty-Assigned Employees (since July 2015)

Total	Lvl. 5	Lvl. 6	Lvl. 7
26	8	10	8



## **【Article 3 of SMG Ordinance on Audit Commission Composition and Operation】**

- ▶ **Matters pertaining to the need for remedial action/ improvement and recommendations**
- ▶ **Matters pertaining to audit policy and primary audit plan**
- ▶ **Matters pertaining to re-deliberation and protection of active administration**
- ▶ **Matters pertaining to enactment/amendment/abolition of Audit Commission regulations**
- ▶ **Matters pertaining to Audit Committee office organization and human resources requirements**
- ▶ **Others submitted by the Chair**

**※ Matters notified from the police, or the prosecution, requiring employee punishment must be submitted to Audit Commission.**



## Overseeing of Auditing Enhancement of Integrity Standards

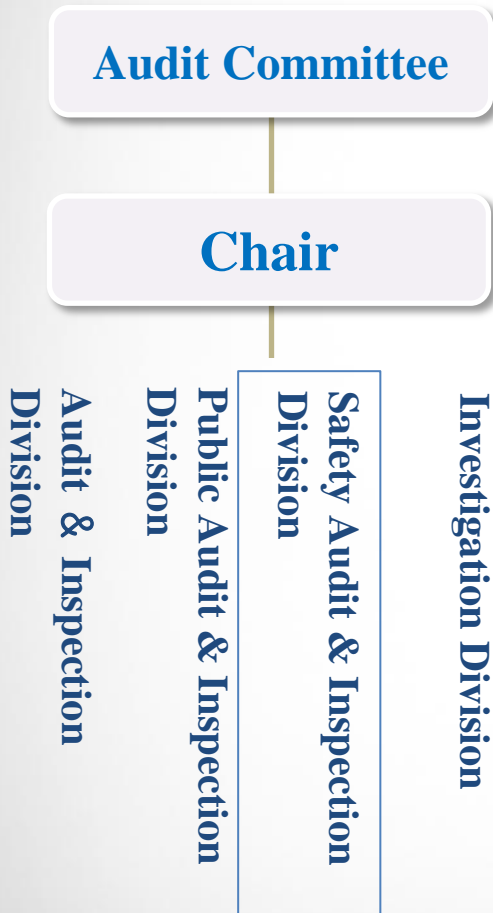
- ▷ Support for Audit Committee operation and meetings
- ▷ Establishment, adjustment & auditing of audit comprehensive
- ▷ Establishment and promotion of measures to improve integrity standards
- ▷ Establishment of discipline in officialdom
- ▷ Auditing of programs conducted within SMG subsidies
- ▷ Auditing of SMG institutions
- ▷ Auditing of pre-consultation and active administration
- ▷ Conducting of daily audit and guiding subsidiary institutions



### Overseeing of Auditing for Public organizations Enhancement of Integrity Standards

- ▷ Auditing of employment corruption and inspection of implementation conditions at public organizations
- ▷ Operation of a personnel verification system at investing agencies
- ▷ Preliminary screening in recruitment at investing agencies
- ▷ Evaluation of the permanent and internal organizations at investing agencies

※ Investing agencies: 24 agencies including Seoul Metro and Seoul Housing & Communities Corporation



### Overseeing of Safety Auditing Realizing a "Safe City" Seoul

- ▷ Establishment of Safety Audit Comprehensive Plan
- ▷ Safety auditing of disaster/emergency measures & urban facilities
- ▷ Auditing of daily audits concerning construction subcontract works
- ▷ Operation of whistleblowing center for subcontract works
- ▷ Operation of safety audit ombudsman

**Audit Committee**

**Chair**

**Investigation Division**

**Safety Audit & Inspection  
Division**

**Public Audit & Inspection  
Division**

**Audit & Inspection  
Division**

## **Detection of Dishonest/ Unethical Acts / Whistleblowing**

- ▷ **Inspection of city officials having committed dishonest/unethical acts in major incidents**
- ▷ **Inspecting & reviewing SMG's primary programs**
- ▷ **Operation of a whistleblowing center**
- ▷ **Business related to the Improper Solicitation and Graft Act**
- ▷ **Checking registration of city official assets**
- ▷ **Checking status of retirees seeking new jobs**
- ▷ **Inspection of city official discipline**



## Subject Institutions to SMG Audit(868 institutions)

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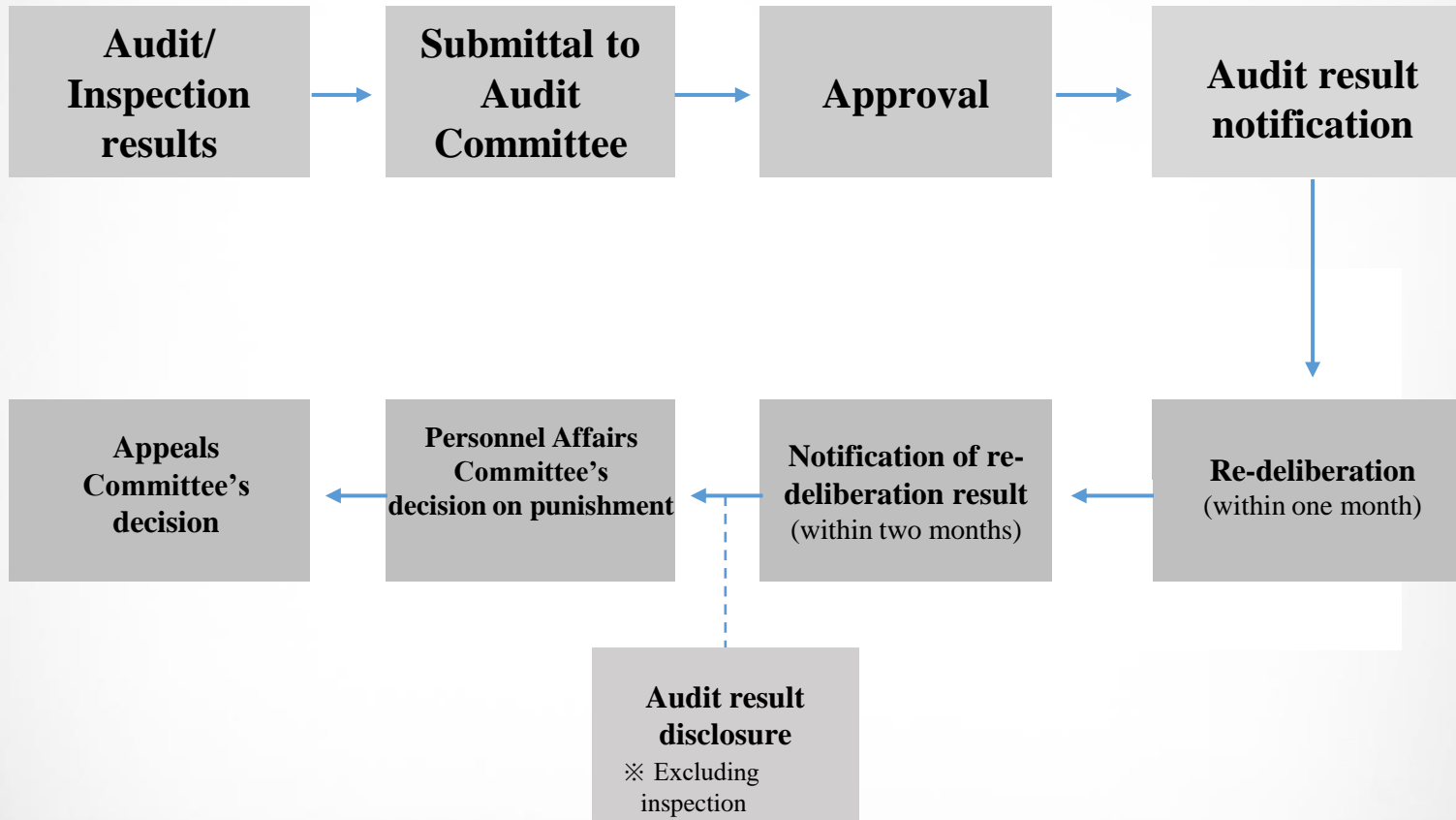
- **Seoul City Hall, subsidiary institutions(115), SMG Safe(2), SMG-funded organizations(12), SMG-invested agencies(24), SMG-entrusted private facilities(390), autonomous districts(25), district funds (25), district-funded organizations (275), etc.**



## Audit Frequency

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- **Every two years for subsidiaries  
Every three years for SMG-invested institutions**



※ Audit results to be submitted quarterly to the SMG Council

# 3-10 Major Functions of Audit Commission

## Audit

- Operating per annual audit plan
- Checking legality/propriety of business in general concerning organization/personnel affairs/budget of institutions subject to audit
- Presenting options for remedy/improvement concerning problems – Conducting **preventive functions**  
※ Audit types: General, specific, financial, result-related audit, etc.

## Safety Audit

- Operating per annual audit plan
- Cracking down on loose/poor management of infrastructure facilities and eliminating cause of accident mishaps
- **Timely prevention of safety mishaps** by getting rid of safety blind spots

## Inspection

- Inspection of information provided by people/insiders, civil complaints, and matters notified from the police or the prosecution, press reports, etc.
- Stringent inspection of cases causing uproar and finding ways to improve the situation
- **Follow-up handling of dishonest/unethical acts perpetrated by individuals and groups**

## Discipline Supervision

- Detection of dishonest/unethical acts, such as receiving money, valuables, excessive hospitality, influence peddling
- **Conducting preventive inspection to establish discipline in officialdom**



### Whistleblowing Center

Reports on acts that may do harm to public good (**public health/safety, environment, protection of customers, fair competition**)

### Subcontract Irregularity Report Center

Reports on delay in payment of price for subcontract work/equipment (materials) supplied, workers' wages, etc.

Finding solutions through amicable settlement/coordination, arranging for administrative disposition against the prime contractor with the help of relevant government office

### Abuse of Power Report Center

Reports on officials **abusing their approval/authorization-related rights, bullying, using violent language**

### Influence Peddling Report Center

Reports on officials engaging in **dishonest influence peddling or receiving money/valuables** as those in 14 assignments where corruption is most likely to occur



## Prevention of Dishonest Stockpiling of Assets & Corruption

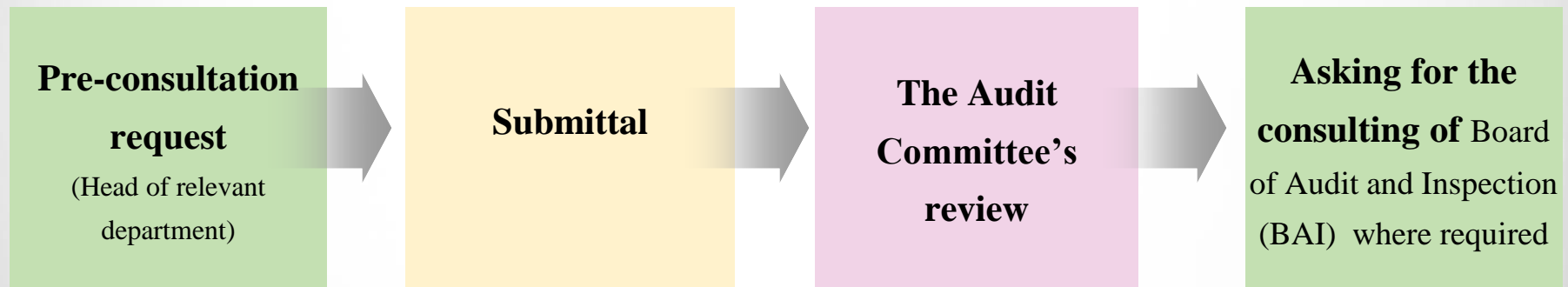
(Taking place among ranking officials subjected to annual examination of their assets)

- **Officials Subject to Asset Registration: Those equal to or higher than the following:**  
Lvl. 3 government officials, SMG Lvl. 4, Lvl. 7 in specified departments (audit , tax, fire) (6,057 in total) / SMG Councilors, heads/standing directors of SMG-affiliated institutions
  - **Officials Subject to Asset Examination:**  
SMG Lvl. 4, Lvl. 4 in district offices, Gu Council members, Lvl. 7 in specified departments (tax, fire) (6,513 in total) / heads/standing directors/auditors of SMG-affiliated institutions
- ※ **Officials Subject to Government Screening: Mayor, vice mayors, SMG Councilor, Lvl. 1-3 officials, president/professors of Seoul University**

Preventing officials from employment in institutions associated with their previous jobs for a given period of time **to prevent risk of influence peddling**

- **Subject to Restriction: Officials and directors/employees of SMG-affiliated institutions once required to register assets**
- **Content of Restriction: Job correlation from five years prior to retirement to three years from the day of retirement**
- **Restriction Procedure**
  - SMG Ethics Committee will screen the correlation of the job and determine whether employment is possible once the application Employment Restriction Confirmation Request or Employment Authorization Application has been submitted
- **Punishment: Max of two years imprisonment and up to KRW 20 million**

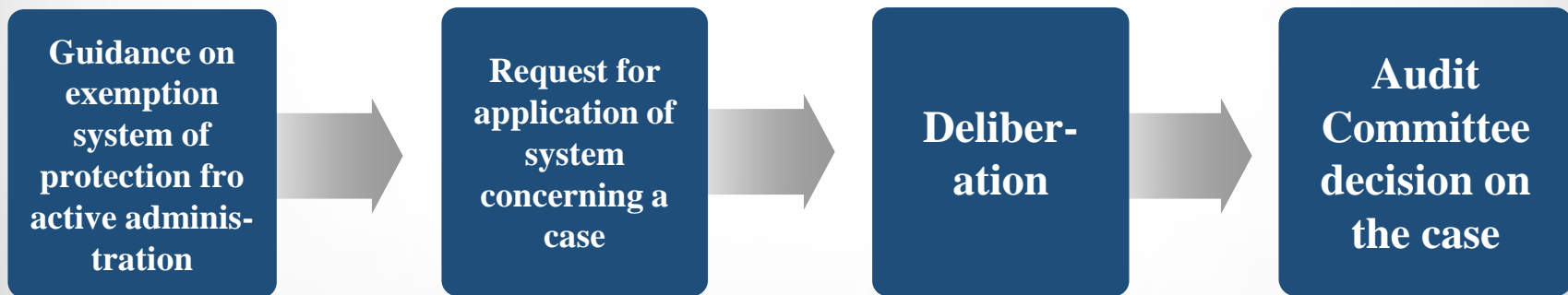
**Request for Audit Committee Opinion and Liability Exemption**  
(Where front-line officials find it difficult to determine a case due to system/  
regulation ambiguity or lack of precedent )



※ A request should be processed within one month  
(Said period may be extended upon necessity)

**Liability Exemption or Increase  
Without Presence of Willful or Serious Fault**  
(Where city officials process a case faithfully and actively for the public good)

## **Audit Commencement**





**Frequency of  
Commission  
meetings**

**Regularly twice a month or periodically**

(Where called for by a majority of members in office or the Chair)

**Results**

**A total of 913 cases processed in 74 meetings(223cases & 19 meetings per year)**

(2015: 118 cases in 8 meetings / 2016: 209 cases in 18 meetings / 2017: 301 cases in 22 meetings  
2018: 205 cases in 21 meetings / 2019: 69 cases in 5 meetings)

- **Establishment of a system of cooperation between SMG and autonomous districts and SMG-invested institutions**



- Operation of an audit meeting between Seoul and investing agencies
  - Operation of an audit department head meeting between the city and autonomous districts
- **Seeking cooperation with counterparts in other cities and provinces in the country**
    - Signing of an MOU and exchanges with the Jeju-do Audit Committee

- **Promotion of opportunity with Audit bodies in foreign countries**
  - Visit to Mongolian Audit Commission (Oct. 2018)
  - Visit to Shanghai Municipal Commission for Discipline Inspection (Dec. 2018)
  - Visit to Indonesian Audit Commission (Apr. 11, 2019)
  
- **Organizations to be visited during this overseas business trip**
  - Visit to Auditor-General's Office, Singapore (17. Sep. 2019)
  - Visit to State Audit office of Vietnam (18. Sep. 2019)



## Audit MOU and Exchange between SMG & LH Corp. & SH Corp.

- Date: 9/28/2018, 14:00
- Purpose: Mutual cooperation for improvement and sophistication of audit operation
- Outcome: Hosting of a joint workshop in the field of auditing by Seoul, LH and SH on 6/20/2019



# Seoul's Efforts to Improve Integrity

- **Measures to improve internal integrity**
- **Measures to improve external integrity**
- **Measures to improve policy assessment by customers**



# Implementing Surveys on Internal Integrity

**Conducting an internal survey similar to that of the integrity measurement conducted by the Anti-Corruption and Civil Rights Commission**

Deducing the agency's top-priority assignments for improvement in association with the "organizational culture enhancement survey"

## Target

1,000 citizens and employees at public organizations

## Method

Email survey by a professional survey agency (May 2019)

## Scope

Overall level of integrity in the agency's internal tasks and culture

- Cultural integrity index (individual, organization, corruption prevention system)
- Work integrity index (HR, budget, work order)

# Making 「The New Civil Officials' Ethics Guidebook」 the Leading Brand of Integrity

## Publishing **The New Civil Officials' Ethics Guidebook 4** to instill pride in employees

- Topic: innovation in organizational culture and changes in managers' behaviors
- Publication method: based on case studies including actual audit results

			
<b>The New Civil Officials' Ethics Guidebook 1</b>	<b>The New Civil Officials' Ethics Guidebook 2</b>	<b>The New Civil Officials' Ethics Guidebook 3</b>	<b>English version</b>
<b>Cardinal virtues to be equipped by a public official from appointment to retirement</b>	<b>Guide on ethics containing the rules of behavior for public officials</b>	<b>Ways to fix wrong practices and improve the system to help contribute to municipal housekeeping and administration</b>	

※ Training and publication of an operations manuals for directors and officials of investment agencies

# Sending 「Integrity Texts」 for Civil Complaints in Areas with a Lack of Integrity

Sending guidance texts on the pledge of integrity and corruption reporting to **those who file civil complaints in areas with a lack of integrity, such as in the construction and service fields**, for the duration of a project, thus improving the level of external reliability

- **Period of implementation: beginning in March 2019**
- **Target areas: tasks processing contracts, subsidies, and civil complaints**
- **Promotion method: utilizing the text sending service of the city of Seoul** (account of each team secured)

Stage 1 (Contract)	Hello, I'm in charge of OO on the OO Team. <b>I promise you that we will transparently process any tasks related to the construction service ordered by the city of Seoul. Any unfair and unjust items that take place in the work process may be reported to the public official corruption report center (02-2133-4800).</b>
Stage 2 (Execution)	<b>The payment has been made for the construction service processed by your agency.</b> For any inconveniences or other complaints during the payment process, please contact the employee in charge, OOO, who will quickly process your request (02-2133-oooo_contact information of the responsible team).
Stage 3 (Licensing)	The construction service work ordered by your agency has been completed. <b>Thank you very much for your active cooperation in regards to the processing of the work. For any opinions or comments regarding the work process or other aspects, please contact the public official corruption report center (02-2133-4800).</b>

# Implementing Integrity Happy Call for Civil Petitioners

**Implementing “integrity happy call” to understand items with which customers are dissatisfied and to resolve them in an appropriate amount of time**

**In the case that a civil petitioner raises a complaint, it is reported to the responsible team and prevention of recurrence is demanded**

## Targeted tasks

Tasks related to major civil complaints such as contracts and subsidies

## Targets of survey

7,500 people total (from 07/01/2018-06/30/2019)

## Method of survey

Phone survey conducted by retired civil officials (all)

## Details of survey

Friendliness of employees, fairness and transparency in processing of tasks, etc.

# Implementing integrity index assessment by agency



**To be managed**

**All organizations in the city of Seoul (offices and bureaus, branch offices, Secretariat of the Metropolitan Council)**

**How to manage**

**Utilizing the objective data managed by the Audit Committee as indices**

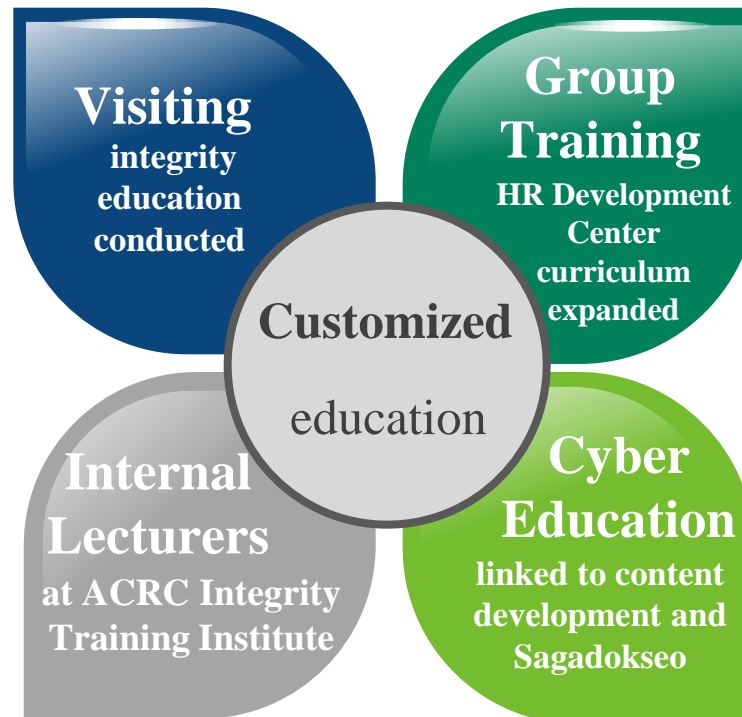
**Utilization in assessment**

**Announcing results with a focus on agencies with a higher ranking in integrity, plaque and prize money presented to outstanding agencies**

- ① **Internal integrity survey results**
- ② **Percentage of completion of integrity education**
- ③ **Percentage of actions taken in case Cheongbaek-e alert occurs**
- ④ **Monitoring of work promotion expenses**

# Vitalizing Integrity Education Selected by User

- Offices and bureaus, branch offices
- Once a year
- Understanding of the integrity assessment conducted by the Anti-Corruption and Civil Rights Commission (ACRC)
- Cases of violation of official discipline
- Completion of **the lecturer development course**
- Utilized as internal lecturers at agencies



- Addition of over 4 hours of integrity education in long-term curriculum that lasts more than 2 weeks
- Seoul, the Ethical Metropolitan City! course
- Designation of cyber integrity content
- Mandatory to watch for Sagadokseo



# Integrity Concert

Hosting of the “Exciting Integrity Concert,” featuring cultural performances

A variety of activities centered on integrity, such as musicals, plays, talks, and quizzes



**Integrity Performance**



**Integrity Talk**



**Integrity Quiz**



# Thank you

**Seoul, a city of integrity and honesty**