SEOUL METROPOLITAN GOVERNMENT ORDINANCE ON THE OPERATION OF AGENCIES INVESTED OR FUNDED BY THE SEOUL METROPOLITAN GOVERNMENT

Enactment No. 5963, Jul. 30, 2015
Amendment of Other Laws No. 6016, Oct. 08, 2015
Partial Amendment No. 6164, Mar. 24, 2016
Partial Amendment No. 6701, Jan. 04, 2018
Amendment of Other Laws No. 7217, Jul. 18, 2019
Partial Amendment No. 7228, Jul. 18, 2019
Partial Amendment No. 7299, Sep. 26, 2019
Amendment of Other Laws No. 7423, Dec. 31, 2019
Partial Amendment No. 7448, Jan. 09, 2020
Partial Amendment No. 7787, Dec. 31, 2020
Partial Amendment No. 8382, Mar. 31, 2022

Article 1 (Purpose)

The purpose of this Ordinance is for the Seoul Metropolitan Government to provide for matters delegated by the Act on the Operation of Local Government-Invested or -Funded Institutions and the Enforcement Decree of the same Act as well as matters necessary for the enforcement thereof.

Article 2 (Definition of City-Invested or City-Funded Institutions)

The term "City-invested or City-funded institution" as used in this Ordinance means an institution established with investments or funds provided by the Seoul Metropolitan Government (hereinafter referred to as the "Seoul Government") and designated and publicly notified under Article 5 of the Act on the Operation of Local Government-Invested or -Funded Institutions (hereinafter referred to as the "Act").

Article 3 (Responsibilities of Heads of Institutions)

(1) The head of a City-invested or City-funded institution shall operate the relevant institution using minimally required organization and human resources for the rationalization of management.
(2) The head of a City-invested or City-funded institution shall exercise general supervision over its affairs and be responsible for his or her performance records.
[This Article Wholly Amended on Jan. 9, 2020]

Article 4 (Composition and Operation of Committee for Deliberation on Operation of City-Invested or City-Funded Institutions)

(1) The Committee for Deliberation on Operation of City-Invested or City-Funded Institutions (hereinafter referred to as the "Deliberation Committee") defined in Article 6 (2) of the Act and Article 4 (4) of the Enforcement Decree of the Act on the Operation of Local Government-Invested or -Funded Institutions (hereinafter referred to as the "Decree") shall be comprised of up to 15 members, including one Chairperson. <Amended on Oct. 8, 2015; Mar. 24, 2016>
(2) The members of the Deliberation Committee prescribed in paragraph (1) shall be appointed or commissioned by the Mayor of the Seoul Metropolitan Government (hereinafter referred to as the "Mayor") from among those falling under any of the following: <Amended on Mar. 24, 2016>
1. Up to three persons recommended by the Seoul Metropolitan Council (hereinafter referred to as the "Seoul Council");
2. Vice-Mayor I for Administrative Affairs, Deputy Mayor for Planning and Coordination, and Director-General of Financial Planning;
3. Up to nine persons recommended by the Chairperson, from among those engaged in the fields of law, economy, journalism, academia, labor, civic organizations (referring to non-profit, non-governmental organizations under Article 2 of the Assistance for Non-Profit, Non-Governmental Organizations Act; hereinafter the same shall apply), etc., pursuant to Article 4 (4) 3 of the Decree.
(3) The Vice-Mayor I for Administrative Affairs shall act as the Chairperson of the Deliberation Committee.
(4) Each member of the Deliberation Committee who is not a public official under Article 6 (4) of the Act shall hold office for a term of two years and may be re-appointed consecutively only once: Provided, That the term of office of a newly commissioned member due to the resignation of a member, etc. shall be the remainder of his or her predecessor's term of office. <Amended on Oct. 8, 2015>
(5) Where any member of the Deliberation Committee pursuant to paragraph (2) 1 is removed or dismissed under Article 5 of the Decree, the Mayor shall request recommendation of a member from the Seoul Council. <Amended on Oct. 8, 2015>
(6) The Mayor shall, when he or she commissions a member of the Deliberation Committee under paragraph (2), consider the gender of such member. <Amended on Oct. 8, 2015>
(7) The head of a division in charge of the overall affairs related to City-invested or City-funded institutions shall serve as the

executive secretary of the Deliberation Committee, and conduct the following duties: <Amended on Oct. 8, 2015>
1. Preparation of, and reporting on, materials for meetings;
2. Preparation, keeping, and publication of meeting records.

Article 5 (Meetings and Operation of Deliberation Committee)

(1) Meetings of the Deliberation Committee shall be convened either directly by the Chairperson or by the Chairperson at the request of its member, to deliberate on matters prescribed in Article 6 (1) of the Act or Article 4 (1) of the Decree. <Amended on Oct. 8, 2015>
(2) Where the Chairperson intends to hold a meeting, he or she shall notify the time, date, venue, and agenda of the meeting to each of the members in a written document seven days before the opening of the meeting: Provided, That the method or period of such notification may be determined differently when there are inevitable reasons such as an emergency.
(3) Where the matters to be considered are minor matters or when it is deemed as necessary by the Chairperson, a written resolution may be made. In such cases, the Chairperson shall notify the members of the relevant reasons in writing: Provided, That when no less than 1/4 of the members request the convocation of a meeting with regard to the matters of the written resolution, the Chairperson shall comply therewith. <Amended on Oct. 8, 2015>
(4) A subcommittee may be established under the Deliberation Committee for the purpose of efficiently conducting its duties. In such cases, the chairperson and members of the subcommittee shall be appointed from among the members of the Deliberation Committee by the Chairperson of the Deliberation Committee.

Article 6 (Fixed Number and Composition of Executive Officers)

(1) The fixed number of the executive officers of a City-invested or City-funded institution under Article 9 (1) of the Act shall be determined by ordinance pursuant to Article 4 (3) of the Act or by the articles of incorporation of the relevant City-invested or City-funded institution. <Amended on Oct. 8, 2015>
(2) A City-invested or City-funded institution shall endeavor to secure diversity in the composition of its board of directors through the participation of interested parties, etc. <Amended on Oct. 8, 2015>

Article 7 (Appointment of Executive Officers)

(1) The head and an auditor of a City-invested or City-funded institution shall be appointed by the Mayor from among those who have professional knowledge and expertise in the operation of institutions provided with investments or funds. <Amended on Oct. 8, 2015>
(2) The directors of a City-invested or City-funded institution (excluding those appointed as ex officio directors pursuant to ordinance or the articles of incorporation) shall be appointed by the Mayor or the head of the relevant institution as prescribed by ordinance pursuant to Article 4 (3) of the Act or the articles of incorporation.
(3) Where an executive officer of a City-invested or City-funded institution is to be appointed under paragraph (1) or (2), the executive officer recommendation committee may be established and operated in order to enhance the fairness, professionalism, and transparency of the appointment process.
(4) The Mayor may dismiss the head of an institution during his or her term of office or consecutively appoint the head of an institution after the expiration of his or her term of office depending on his or her performance records. In such case, the Mayor shall take into account the following matters:
1. Records of implementing a performance contract prescribed in Article 11 of the Act;
2. Results of evaluating business performance prescribed in Article 28 of the Act.
(5) Where the Mayor intends to appoint the head of an institution for a consecutive term under paragraph (4), the appointment procedures prescribed in paragraph (3) shall apply mutatis mutandis.
(6) Where other statutes and regulations, including statutes under which City-invested or City-funded institutions are established, provide for the appointment and dismissal of executive officers, the relevant statutes and regulations shall apply.

Article 8 (Executive Officer Recommendation Committee)

(1) Where the executive officer recommendation committee is established and operated under Article 7 (3), the committee shall be comprised of the following persons: Provided, That in the case of establishing a City-invested or City-funded institution, it shall consist of four persons recommended by the Mayor and three persons recommended by the Seoul Council: <Amended on Oct. 8, 2015>
1. Two persons recommended by the Mayor;
2. Three persons recommended by the Seoul Council;
3. Two persons recommended by the board of directors of the relevant City-invested or City-funded institution.
(2) No executive officer or employee of a City-invested or City-funded institution or public official of the Seoul Government (including the members of the Seoul Council) shall become a member of the executive officer recommendation committee. <Amended on Oct. 8, 2015>
(3) Any determination of the executive officer recommendation committee shall require the concurring vote of a majority of its incumbent members.

(4) The chairperson of the executive officer recommendation committee shall be elected by and among its members, and the chairperson shall represent the executive officer recommendation committee and preside over its meetings.
(5) Where a City-invested or City-funded institution intends to newly appoint an executive officer due to the expiration of the term of office of an executive officer or other reasons, it shall form the executive officer recommendation committee without delay, and ask the Mayor and the Seoul Council to recommend a member of the executive officer recommendation committee. <Amended on Oct. 8, 2015>
(6) The executive officer recommendation committee shall be maintained until the appointment of a recommended person as its member.
(7) Matters necessary for the operation of the executive officer recommendation committee, the recommendation of a candidate member, etc., other than those prescribed in this Ordinance, shall be prescribed by rule of the Seoul Government.

Article 9 (Request for Dismissal of Executive Officers)

(1) Where the Mayor dismisses an executive officer, or intends to request the dismissal of an executive officer, under Article 9 (4) of the Act, he or she shall examine whether such member has complied with Article 9 (3) of the Act.
(2) Where the head of a City-invested or City-funded institution has demanded compensation under Article 9 (4) of the Act, he or she shall report its progress to the Mayor.

Article 10 (Payment for Expenses for Project Executed by Agents)

(1) Where the Mayor requires a City-invested or City-funded institution to perform a project as an agent pursuant to Article 21 (1) of the Act, it shall be done within the budget. <Amended on Oct. 8, 2015>
(2) The scope of expenses required for the duties of local governments pursuant to the proviso of Article 21 (2) of the Act shall be as follows:
1. Expenses required for the establishment of a project plan, prior investigation, services, etc.;
2. Facility costs, labor costs, and incidental expenses incurred in the execution of a project;
3. Expenses incurred in the management of facilities, etc. during a period prior to the settlement of accounts or the hand-over of facilities, etc. after the completion of a project;
4. Agency fees when a project is performed by an agent;
5. Other essential expenses incurred in the execution of a project.

Article 11 (Instruction and Supervision)

The Mayor may provide instruction or supervision regarding the following projects in accordance with Article 25 (1) 2 of the Act or Article 18 (1) 4 of the Decree:
1. Projects provided with investments, funds, or subsides from a City-invested or City-funded institution;
2. Projects payment-guaranteed by a City-invested or City-funded institution.

Article 12 (Reasons for Dissolution of City-Invested or City-Funded Institutions)

Other reasons for dissolution under Article 24 (2) 1 of the Act shall be as follows:
1. Revocation of permission of establishment;
2. Failure of achieving the objective of establishment.

Article 13 (Evaluation Principles)

For an evaluation defined in this Ordinance, objectivity, fairness, and the equitable treatment of City-invested or City-funded institutions shall be secured to the maximum degree possible by using objective evaluation indexes and professional evaluation methods.

Article 14 (Types of Evaluation)

The Mayor may conduct the following evaluations with respect to an institution:
1. Evaluation of the implementation of a performance contract by the head of an institution under Article 11 of the Act;
2. Evaluation of business performance under Article 28 of the Act;
3. Management diagnosis under Article 30 of the Act;
4. Citizen satisfaction survey.

Article 15 (Preparation and Evaluation of Performance Contracts)

(1) The Mayor shall conclude a performance contract within one month from the new appointment of the head of a City-invested or City-funded institution pursuant to Article 11 (1) of the Act.
(2) The period of a performance contract for each fiscal year under Article 11 (1) of the Act shall be from January 1 (or the date of appointment if the appointment is made on or after January 1 of the relevant year) to December 31 of each year: Provided, That when the period of service is less than three months, no performance contract for the relevant year may be made after the deliberation and resolution by the Deliberation Committee. <Amended on Dec. 31, 2019>
(3) The head of a City-invested or City-funded institution shall submit the implementation records of his or her performance contract

and evidential documents to the Mayor by the end of March each year.
(4) The Mayor shall evaluate the implementation of the contractual obligations under a performance contract by the end of June each year, and reflect the results thereof in the remuneration for the relevant year.
(5) Where the following grounds arise, the Mayor may amend a performance contract (excluding matters related to remuneration):
1. When necessary to revise management goals due to such reasons as changes in the policies of the Government or the Seoul Government, business environment, etc.;
2. When there are significant errors or defects in a performance contract;
3. When amendment of a performance contract is deemed necessary due to changing conditions, etc.

Article 16 (Evaluation and Diagnosis of Business Performance)

(1) The Mayor shall establish a plan for business performance evaluation and diagnosis which contains the basic direction-setting and methods for the evaluation and diagnosis of the business performance of a City-invested or City-funded institution, utilization of the results thereof, etc.
(2) A business performance evaluation plan established under paragraph (1) shall be notified to a target institution by the end of December each year, and a management diagnosis plan within one month from the selection of a target institution as an institution subject to management diagnosis.
(3) A business performance evaluation plan shall include an assessment of a City-invested or City-funded institution, covering its achievement of management goals, business performance results, operational efficiency, promotion of public interest, service for citizens, evaluation of the implementation of a performance contract by its head, capacity, etc.
(4) The Mayor may, when it is necessary for the evaluation of business performance under paragraph (2), require employees of a City-invested or City-funded institution to state their opinions or conduct on-site investigations. <Amended on Oct. 8, 2015>
(5) Matters prescribed by ordinance concerning the evaluation of business performance under Article 20 (2) 2 of the Decree shall mean the following:
1. Budget bill for the previous year;
2. Project operation plan for the previous year;
3. Accounting audit report (excluding agencies that do not conduct accounting audit);
4. Financial statements and supplementary documents.

Article 17 (Selection of Institutions Subject to Management Diagnosis)

(1) With respect to a City-invested or City-funded institution with reasons specified in any of the subparagraphs of Article 30 (1) of the Act, the Mayor shall request the deliberation and resolution by the Deliberation Committee for its selection as an institution subject to management diagnosis by the end of September each year.
(2) After receiving a request under paragraph (1), the Deliberation Committee shall report the result of its deliberation and resolution to the Mayor within one month from the date of receiving such request.

Article 18 (Composition and Operation of Management Evaluation Team)

(1) The Mayor may organize and operate the management evaluation team with persons falling under any of the following in order to efficiently conduct the evaluation of the implementation of a performance contract by the head of an institution under subparagraph 1 of Article 16, the evaluation of business performance under subparagraph 2 of Article 16, and management diagnosis under subparagraph 3 of Article 16:
1. A public official in charge of the duties related to a City-invested or City-funded institution;
2. A person holding the position of an assistant professor or higher at a university or college who has expertise in fields related to local public enterprises or management evaluation;
3. A certified public accountant, attorney-at-law, or management consulting specialist with experience of practice for at least three years;
4. Other persons who have good knowledge and experience in the management evaluation of public institutions, etc.
(2) The management evaluation team may, in order to conduct an evaluation or diagnosis pursuant to paragraph (1), request a relevant City-invested or City-funded institution to submit related documents. In such cases, a person in receipt of the request for the submission of documents shall comply therewith unless there is a compelling reason not to do so.
(3) Where the management evaluation team conducts an evaluation or diagnosis pursuant to paragraph (1), it shall report the results thereof to the Mayor within 15 days from the date of completion.
(4) Allowances, travel expenses or other necessary expenses may be paid to civilian members of the management evaluation team within the budget.
(5) The management evaluation team shall be deemed to be dissolved when the missions assigned are completed.

Article 19 (Entrustment of Evaluation of Business Performance)

(1) The Mayor may entrust the duties specified in subparagraphs 2 through 4 of Article 14 to a specialized institution or corporation falling under any of the following: <Amended on Jul. 18, 2019>
1. A corporation which defines the management evaluation of public institutions or organizations as its core business area and has

at least five experts with an academic degree equal to or higher than a master's degree;
2. An accounting firm with experience in conducting management evaluation on public institutions or organizations within the recent three years;
3. The Evaluation Institute of Regional Public Corporation established under Article 78-4 of the Local Public Enterprises Act;
4. An institution recognized as meeting the qualification requirements by the Deliberation Committee under Article 6 of the Act.
(2) The Mayor may require two or more institutions to jointly conduct the duties prescribed in paragraph (1).

Article 20 (Utilization of Evaluation)

(1) Where the Mayor conducts the evaluations under the subparagraphs of Article 16, he or she shall report evaluation plans, results, etc. to the competent Standing Committee of the Seoul Council.
(2) The Mayor may use the results of the evaluation of business performance under subparagraph 2 of Article 16 as grounds for the payment of performance-based pay by City-invested or City-funded institution within the budget. In such case, a report shall be made to the competent Standing Committee of the Seoul Council regarding the payment rate of performance-based pay, etc.
(3) The Mayor shall reflect in the budget to the maximum degree possible the results of various evaluations on agencies subject to evaluation.

Article 21 (Corrective Orders)

(1) With respect to matters recognized as in need of correction according to the results of evaluation, the Mayor may order the head of a City-invested or City-funded institution to correct them.
(2) The head of a City-invested or City-funded institution in receipt of a corrective order under paragraph (1) shall take necessary actions without delay, and report the results thereof to the Mayor. <Amended on Oct. 8, 2015>
(3) The Mayor may, when it is necessary, examine and inspect the implementation status regarding the corrective order prescribed in paragraph (1).
(4) Where the Mayor intends to conduct an inspection under paragraph (3), he or she shall notify an inspection plan to the head of a City-invested or City-funded institution in advance: Provided, That this shall not apply in cases of emergency or when doing so is likely to defeat the objective of the inspection.
(5) With respect to matters found requiring further improvement as a result of the examination and inspection of implementation status, the Mayor may require a City-invested or City-funded institution, etc. to take complementary measures.

Article 22 (Cooperation Including Submission of Related Documents)

In order to secure the management transparency and financial soundness of a City-invested or City-funded institution, the Mayor may notify necessary matters to the head of a City-invested or City-funded institution or require him or her to submit relevant documents. In such cases, the head of a City-invested or City-funded institution in receipt of a notice or a request for the submission of relevant documents shall comply therewith unless there is a compelling reason not to do so.

Article 22-2 (Submission of Budget Bill and Written Settlement of Accounts)

(1) A City-invested or City-funded institution shall submit a budget bill to the competent Standing Committee and the Special Committee on Budget and Accounts of the Seoul Council within 15 days after a budget is formulated or amended.
(2) A City-invested or City-funded institution shall settle its accounts within two months after each fiscal year ends and shall prepare a written settlement of accounts and submit it to the competent Standing Committee and the Special Committee on Budget and Accounts within 10 days thereafter. <Amended on Dec. 31, 2020>
(3) Where a City-invested or City-funded institution uses reserve funds, it shall report such use to the competent Standing Committee of the Seoul Council: Provided, That when the timing of reporting falls in the period of the closing session of the Seoul Council, it shall report the use to the Chairperson of the Seoul Council and the chairperson of the competent Standing Committee before presenting it as an agenda in the next session for reporting. <Newly Inserted on Sep. 26, 2019>
[This Article Newly Inserted on Jan. 4, 2018]
[Title Amended on Sep. 26, 2019]

Article 22-3 (Consent to Investment or Funding)

Where the Mayor intends to make an investment in or provide funding to a City-invested or City-funded institution, he or she shall obtain prior consent thereto from the Seoul Council under Article 18 (3) of the Local Finance Act.
[This Article Newly Inserted on Jul. 18, 2019]

Article 22-4 (Motion to Obtain Consent to Investment or Funding)

A motion to obtain consent to an investment or funding presented by the Mayor under Article 22-3 shall include the following:
1. Name of business requiring the investment or funding;
2. Grounds and needs for the investment or funding;
3. Details of business requiring the investment or funding;
4. Outline of the relevant City-invested or City-funded institution (its location, size, supporting facilities, location map);
5. Required budgets and grounds for calculation thereof;

6. Minutes of the board of directors;
7. Report on the settlement of accounts;
8. Other matters necessary to deliberate on the investment or funding.
[This Article Newly Inserted on Jul. 18, 2019]

Article 23 (Enforcement Rules)

Necessary matters concerning the enforcement of this Ordinance shall be prescribe by rule of the Seoul Government.