

THE BOARD OF AUDIT AND INSPECTION OF THE REPUBLIC OF KOREA: SOME STRUCTURAL ASPECTS (GOALS, EXTRINSIC RELATIONS, AND SERVICE ORGANIZATIONS)

By Suck Hong Oh, Ph. D.
Assistant Professor of Public Affairs

A. Introduction

In Korea, the separate monitoring system in the bureaucracy has a long history. The origin of such a system could be traced back to the ancient, royal inspectorate system in autocratic monarchs. Some thousand years ago, the King Sungjong of the Koryo Dynasty established the "Uesadae" which served as inspectorial agency of the bureaucracy. As an emulation of the Chinese system, such a separate monitoring mechanism had been existent in one form or another throughout the history until the end of monarchies in 1909. Monitoring systems in those days, however, were primarily designed to safeguard the loyal service of the servants of the king. Appointed by the king, the inspectorate (*Uesa*) of the state had powers to investigate the performance of the bureaucracy, and to decide and enforce his decisions. As a royal representative he had a strong power and prestige, and served, in some measures, as a separate channel of communication within the bureaucracy. Practically, however, his major mission was to facilitate the enforcement of the king's will throughout the territory, and to enlist the loyalty of peripheral offices of the kingdom.

During the thirty odd years of the Japanese occupation, financial audit of the Government-

General of Korea was carried out by the Japanese Board of Audit (Section 3, Bureau 3), which belonged directly to the Japanese Emperor and maintained an independent status from the cabinet. Within the Government-General of Korea, there was a small counterpart unit in charge of financial transactions and audit of accounts. In those days, the control exercised by the auditing authorities was largely geared to a strict regularity control of state accounts and to prevention or punishment of thefts or other corruptive practices of the public service betraying the will of rulers. It was primarily for the protection of state rather than citizens' interests. There was no significant system for the control of the general administrative performance other than financial transactions.

The establishment of the government of the Republic of Korea in 1948 gave birth to two major separate monitoring agencies in the government. One was the Board of Audit, the other was the Inspection Council. These two agencies were the predecessors of the present Board of Audit and Inspection.

The Constitution of 1948 provided that: "The Board of Audit shall inspect the closing accounts of revenues and expenditures of the state. The government must submit its settlement of accounts along with the inspection report of the Board of Audit to the National Assembly in the following year. The organization and authorities of the Board of Audit shall be determined by law." This was the first constitutional provision which laid down the constitutional ground for the establishment of the central auditing office. Since then, subsequent constitutional amendments always included provisions on such a separate monitoring agency.

According to the constitutional provision, the Law of Board of Audit (Public Law No. 12) was enacted on December 4, 1948. Originally, the proposal of that law contained a blueprint which worked out a strong form of separate monitoring agency by combining some elements of the new Japanese Board of Audit and the basic format of the General Accounting Office of the United States. But it was drastically changed in the course of deliberation.⁽¹⁾

The finally adopted organization of the Board of Audit was similar to that of the old Japanese Board of Audit. Governing elites of the time could not overtly deny the establishment of this constitutional organization, but they certainly did not want a strong separate monitoring agency impinging upon ordinary hierarchies of the bureaucracy. From the beginning, this agency could not elicit support and understanding from the governing elites and the bureau-

(1) cf. Kim Seung-whan, *A Clause-by-Clause Analysis of the Law of the Board of Audit* (Seoul, Korea, 1956), p.7

cracy. However, thanks to the constitutional provision and the very limited role and the insignificant status, it could manage to survive escaping from a total abolishment in the hostile land. Until the military revolution in 1961, there was no significant change in this organization.

The Board of Audit was not affiliated with any of the central government ministries, but placed directly under the President. The Board consisted of a Council of Commissioners and an Executive Office. The Council was comprised of 7 Commissioners including one chairman and one vice-chairman. The chairman of the Board was a first grade general category personnel who ranks below vice-ministers of the central government ministries. The Board was required to audit accounts of the state, local government, recipients of financial assistance from the government, government corporations, government property, the national treasury managed by the central bank and other organizations designated by law.⁽²⁾ This agency silently engaged in a nominal job of scanning through accounting papers of public bodies and producing one report annually to the President and the legislature, to which nobody paid much attention.⁽³⁾

The military regime substantially revised the organization of the Board of Audit by Public Law No. 70 on September 9, 1961. The changes included following features: (a) the Board was removed from the President and attached to the Supreme Council for National Reconstruction (actual power center of the government); (b) the number of Commissioners was reduced to five; (c) the Office of the Vice-Chairman was abolished, and in its place, the Office of Executive Director was installed; (d) the jurisdiction of the Council of Commissioners was expanded; (e) qualifications of the Commissioners were legally prescribed; (f) both "required" and "optional" audit items were specified in the law; and (g) review procedures were specified. Also, the Regulation No. 15 of the Board introduced new organizational units such as the Office of Deliberation, the Office of Planning, and the Office of Technical Service. During the military rule, efforts were made to modernize the ten-year-old, backward separate monitoring agency. The basic framework of the present Board of Audit and Inspection inherited the organization of the Board of Audit restructured by the military government.

(2) The Law of the Board of Audit (December 4, 1948), Articles 1, 2 and 11

(3) On organization and performance of the Board of Audit, see: Suh Jung-uk, *A Study of the Korean Board of Audit* (Master Thesis; Graduate School of Public Administration, Seoul National University, Seoul, Korea, 1961)

The central monitoring agency for the control of general administrative performance has passed through more rugged and less fortunate paths of evolution. The first Inspection Council was established by law on July 17, 1948. This agency was placed under the direction of the President. As was in the Board of Audit, the head of the Council was a first grade civil servant. The total number of the staff never exceeded more than one hundred. It seemed that this agency came from the traditional, or monarchic conception of then President Syngman Rhee, rather than from a modern conception of separate monitoring agencies. The first Chairman of the Council was a famous scholar of history and Chinese literature, and he had no experience in government offices. It reflected the naive viewpoints held by the governing elites of the time in regard to the public administration and control. The Council maintained an insignificant status for six years and was abolished on February 27, 1955.

On November 2, 1955, the Council was revived with the new name of Council of Correction. At that time, administrative disorder and corruption reached the peak. However, the Council was again disbanded due to political pressures on August 31, 1960. It could not acquire the policy support and resources necessary to cope with prevalent corruption of the bureaucracy. Seven months later, with the start of new regime (the Second Republic), the Inspection Council was re-established on April 3, 1961. However, even before it was able to assume normal operations, it was interrupted by the military junta. First in the Military Government, this Council was attached to the Chairman of the Cabinet. Later it was placed under the Supreme Council for National Reconstruction. Near the end of the military regime, the Inspection Council was absorbed into the Board of Audit and Inspection which has combined the Board of Audit and the Inspection Council.

At every change of the political regime, the Inspection Council has been thoroughly reshuffled, and even under the same regime this agency frequently experienced frustrating setbacks. In its evolutionary process, due to frequent changes, abolishments and re-establishments, this agency rarely had any organizational continuity and stability needed for its normal operation. Like in the courts, this type of organization must retain certain degree of systemic consistency for the successful performance. Lack of stability and consistency was the hallmark of its failures in the past. Often than not, this agency was little more than a mere name.

However, each new regime felt that it must have some sort of separate monitoring agency in the government, partly because of its programmatic needs and partly because of the imitative drive in the government. At the beginning of each new regime there was a fresh desire to

wipe out corruption and inefficiency in the bureaucracy. Thus, new leaders usually restored the vanished separate monitoring system or added changes to it. Sooner or later, the new zeal or aspiration of leaders disappeared, and the separate monitoring agency suffered a renewed abandonment.

The determination of the military regime to eradicate corruption of the bureaucracy was stronger than ever before. Military elites were highly motivated to restore (or create) the administrative order and to improve the government system in general. Beside their willingness for change, they were better equipped with administrative knowledge and techniques than their predecessors. They were more exposed to the modern concept of management and operation of large scale organizations.

Thus, for the first time in history, the separate monitoring agency could attain substantial status in the governmental apparatus. Other supportive or housekeeping governmental agencies were also greatly improved at the time. The Economic Planning Board and the Central Intelligence Agency were newly established. The Ministry of Government Administration was restructured and strengthened. The junta leaders seemed to have a better understanding of needs for expanded communication channels in the government and in the entire political system.

At the beginning of the military regime, both the Board of Audit and the Inspection Council were brought under the Supreme Council for National Reconstruction, and some improvements were made in these two agencies before they were combined together into the Board of Audit and Inspection.⁽⁴⁾ With the inauguration of the civilian regime, the Third Republic, the Board of Audit and Inspection was placed under the President.⁽⁵⁾ The new Law of the Board of Audit and Inspection was enacted by the military regime immediately before the opening of the new National Assembly, and that legislation was considered as an interim measure. But this law is still effective without a single change.

The Board of Audit and Inspection (abridged hereafter as the BAI) is a constitutional institution. The Article 92 of the present Constitution stipulates that: "The Board of Audit and Inspection shall be established under the President to inspect the closing accounts of revenues and expenditures, the accounts of the State and other organizations as determined by law, and to inspect the performance of the executive agencies and public officials." In contrast

(4) cf. The Law of the Board of Audit and Inspection (Law No. 1286, March 5, 1963)

(5) cf. The Law of the Board of Audit and Inspection (Law No. 1495, December 13, 1963)

with many other countries where the constitution is silent with respect to the establishment of separate monitoring agencies, "formal" or legal endorsement of this agency in Korea is strong. The framers of the Constitution in Korea apparently believed that the constitutional provisions for the agency may strengthen the status of this agency and may discourage political manipulation.

The BAI today is the only comprehensive separate monitoring agency in the Korean government. Placed under the President, the BAI maintains a prominent formal status in the overall governmental structure. It has more personnel than any of its kind ever had before. Its functions are really extensive.

The institutional nature of the BAI is a mixture of elements of various separate monitoring agencies found in contemporary governments. Like the administrative court in the French system, the BAI carries out legal proceedings of administrative justice by means of rendering judgments on legal disputes involving administrative agencies. But its operation is less court-like and effects of its decisions are less binding than those of court decisions. Like the ombudsman in the Scandinavian system, the BAI reviews claims raised by aggrieved citizens and is expected to serve as the citizens' watchdog. However, its influence is less pervasive and its procedures are more formal and rigid. Like the General Accounting Office in the United States, the BAI is entrusted with expert inspections of government accounts. But its authority and scope of criticism in auditing are more limited. On top of these varying roles, the BAI is expected to take responsibility in providing a separate information channeling loop in the bureaucracy.

There are conditions at work in the Korean society, which necessitate the establishment of a strong, comprehensive separate monitoring agency. Such conditions include the weakness of other external control centers, the governmental involvement in the tasks of economic development and consequently increased role of the bureaucracy in the social system, and the corruption and inefficiency of the bureaucracy. However, these very causes which necessitate the BAI may be the obstacles to the success of this agency. And, the BAI has many structural defects which may obstruct efficient performance. The huge amalgamation of various roles also creates problems. The BAI as an organization is not firmly "institutionalized." Formal goals and procedures failed to change traditional habits of inspection practice. The BAI is still in need of better resources, new skills and environmental supports. However, the perspective of the BAI is a little brighter than in the past. The understanding and policy support

on the part of the governing elites are better than in the past. Organizational commitment is deeper, and the BAI commands better resources. For the BAI, there is a good chance for survival and improvement.

B. Goals

The Constitution stipulated that the purpose of the BAI is to inspect the closing accounts of revenues and expenditures, the accounts of the state and other organizations as determined by law, and to inspect the administrative performance of the executive agencies and public officials.

Under the title of duty, the Law of the BAI prescribed that the BAI shall inspect the closing accounts of revenues and expenditures of the state and inspect constantly accounts of organizations determined by law to insure their proper operation, and shall inspect the performance of administrative agencies and of civil servants to improve administrative performance.⁽⁶⁾ The law again stipulated that the BAI reviews claims raised by the citizens, answers legal inquiries, and recommends legislations.⁽⁷⁾

From these legal provisions, we may discern three broad categories of organizational goals (in relation to production tasks). The first of these categories is comprised of the goals of controlling financial transactions of the government by way of inspecting various accounts. The second category of goals is related to the control of the general performance of government agencies and employees. The first category of goals is related to activities officially called "audit", and was understood as the responsibility of the former Board of Audit. The second category of activities is conventionally called the performance inspection, and was understood as the responsibility of the former Inspection Council. It was believed that since these two agencies were combined into one organization, their goals were also brought together. This seems to be the logic behind the legal distinction between the "audit" and the "performance inspection." Beyond this simplistic interpretation, however, there has been no sufficient theoretization or goal clarification in regard to this distinction between audit and performance inspection. Partly because of haste and ambivalence in the goal-setting from the start, and partly because of the traditional memory facilities of the personnel and the "mismatched" structural arrangements of the system, there have been various misconceptions held

(6) The Law of the Board of Audit and Inspection, Article 20

(7) The Law of the Board of Audit and Inspection, Articles 43 and 46

by many role incumbents. Many staffs of the BAI tend to believe that since the goals for audit activities have been brought from the former Board of Audit and the goals for performance inspection have been brought in from the former Inspection Council, these two groups of goals are mutually incompatible.

At the inauguration ceremony, the first Chancellor of the BAI (who also participated in the legislation of the Law of the BAI) commented on this problem:

"...being separated each other, the former Inspection Council and Board of Audit have independently carried out the performance inspection and audit. Their jurisdictional boundaries were not clearly established. Consequently, the separation and independence of these two agencies caused many difficulties in their respective operation. Thus, this new start of the BAI combining the two agencies has a profound significance...." (8)

This comment represents the above mentioned simplistic approach to the problem. In the meantime, the persistent misconception of the fear of incompatibility of these two groups of goals was shown in a comment made by a former Inspection Commissioner of the BAI:

"Among the powers of the BAI, the auditing power to inspect state accounts is closely related to the congressional power of budget examination. On the other hand, the power to inspect the performance of administrative agencies and civil servants is closely related to the supervisory power of the civil servants. These completely different and often contradictory powers are integrated into one agency...A tree is grafted to a bamboo..." (9)

Finally, the third category of goals is related to the protection of citizens from the abuse of the bureaucracy. The claims settlement procedures are designed for this purpose. It is to enforce administrative responsibility by means of direct intervention and protection of citizens. The claims settlement procedures must be designed in such a way that the citizens' grievances (control demands of the public) can be channeled through formal and legitimate communication loops. This may help the administrative system and the political system of the society to cope with the increasing political demands and aspirations of the people. However, the official position or interpretation in relation to this rationale of the claims settlement processes is not clear enough. This category of goals is not specifically mentioned in the Constitution. In the process of the legislation of the Law of the BAI, these goals were hurriedly added to other goals in the supplementary section of the law. These new goals were incorporated more

(8) Yun Tae-whan, "The Inauguration of the BAI and Its Immediate Tasks," in *Kamsa-Wolbo* (The Board of Audit and Inspection, Seoul, Korea, Vol. 1, No. 1, May 1963), p. 6

(9) Kim Sung-whan, "A Viewpoint on the Present Inspection System," in *National Assembly*

from extrinsic influences of foreign systems than from needs arising from the practical experiences. Thus, they are the least significant goals in terms of institutionalization of goals.

These three basic categories of goals have been elaborated and various sub-goals have been established by subsequent legal provisions and official actions of the BAI.

One authoritative pronouncement was made by the first Chancellor of the BAI, and it has been heeded upon by later-day office holders. According to that statement, the BAI has two goal-achievement targets. Firstly, the BAI purport to correct and punish illegal and corruptive practices of the bureaucracy. This is the negative conception of control. Secondly, the BAI purport to contribute to the improvement of administration in terms of economy and efficiency. This is the positive conception of control. The former is related to "regularity control," while the latter is related to what conventionally called "efficiency control." Emphasizing more of the latter concept of control, the first Chancellor of the BAI stated the goal orientation of the BAI as following:⁽¹⁰⁾

In relation to the inspection of state accounts:

"However, this kind of traditional auditing practice has been criticized on three accounts: firstly, the regularity control of expenditures may interfere with the administrative responsibility of the government agencies and prevent flexible and efficient operation of administrative officers; secondly, however thorough it might be, the regularity control alone cannot prevent all wastes of public funds; and thirdly, the regularity control cannot analyze overall effects of the total government expenditures..."

He continued to comment on the performance inspection:

"...the performance inspection of the past, as in the inspection of accounts, leaned toward the inspection of legality, which was geared to the disclosure of illegal performances. Thus, the content of inspection has been negative. However, the real purpose of the performance inspection is, as laid down in the law, to improve administrative operation. The performance inspection must be carried out from the standpoint of economy and efficiency of administration..."

Performance inspection on civil servants must not end in the disclosure of individual wrongs. The real purpose of inspection is, as mentioned above, to improve administrative operation..."

Review (Seoul, Korea, No. 48, September 1965) p.43

(10) Lee Woryup, "Establishment of the Board of Audit and Inspection and the Direction of Inspection," in *Supreme Council Review* (Seoul, Korea, No. 19, April 1963), pp. 49-50

He repeatedly emphasized that the BAI must perform positive control activities. And, this overall interpretation of goals has been accepted by his successors and continuously reiterated by various official documents. It has been also made clear that the control activities of the BAI must be supportive to administrative development and "development administration." Sometimes it is pushed so far that an excessive policy emphasis is placed on inspection of government agencies of economic concerns.⁽¹¹⁾

As far as the formally proclaimed goals are concerned, there is no incompatibility between the goals of the BAI and the needs for administrative development. The official goals of the BAI conform to developmental needs of its suprasystem, the bureaucracy.

The goal parameters of the BAI imply that the role of the BAI in controlling the bureaucracy is really broad and extensive. This agency is entrusted with responsibilities to control financial transactions of the government and the general performance as well as to redress citizens' rights damaged by the bureaucracy. Character-wise, matters to be inspected are virtually limitless; "organizational" jurisdiction over the bureaucracy covers nearly all the conceivable areas. The BAI is required to perform not only regularity control but also efficiency control. It must correct and prevent wrongs of administrative personnel and to improve the overall administrative system. There seems to be a "do-all-good" doctrine in the goal structure of the BAI.

In view of the ineffectiveness of other control centers and the prevalent corruption in the bureaucracy, this overly aggressive and ambitious goal setting may be accepted as inevitable since there is no reasonable alternative. The inflated aspiration of the military government was reflected in this goal structure. Inspired more from the revolutionary zeal and hope than from the understanding of the reality, the military government put together all conceivable goals for such agencies. The imitative drive toward foreign systems also influenced the goal setting process. In many developing countries, administrative systems are more imitative than indigenous. They tend to build a mosaic in a system by adopting better parts of various systems in advanced countries. A similar tendency is evident in the goal setting of the BAI. Without a careful analysis of meaning and probable consequences of such goals, the goal structure was determined through a common sensical reasoning. Thus, even the framers of the BAI believed that their job was temporary, subjected to future studies. However, the initial determination

(11) f. Lee Ju-il, "A New Direction of Inspection and the Present Organization of Service," *Kamsa-Wolbo* (Vol. 2, No. 4, April 1964), p. 4

of goal parameters has never been subjected to an extensive evaluation.

To meet the overwhelmingly extensive goals, resources of the agency are thinly spread, and the BAI could only perform nominal services in many areas. Since basic goals of governmental agencies are given from outside, e.g., by legislation, any intra-systemic deviations from the basic goals do not easily result in the displacement or permutation of the formal goals. In the operation of the BAI, the formally established basic goals have never been questioned. However, there are considerable goal violations in the lower echelon of the means-ends hierarchy. Even substantially high level subgoals of the system often depart from the intention of the basic goals. In reality, an obvious preference is placed on regularity control of financial transactions at the expense of other goals⁽¹²⁾.

There are also considerable ambiguity and ambivalence in the means-ends hierarchy of goal parameters. Consequently, the goal parameters do not successfully provide adequate guidelines for organizational activities.

C. Structure in Extrinsic Relations

An analysis of the structure in extrinsic relations concerns itself with such problems as the status of the system in relation to external systems and the structural linkages of the system with external systems.

The BAI is a subsystem of the bureaucracy. In more conventional terms, this agency belongs to the executive branch of the government. However, there is a series of structural arrangements to provide relative independence and autonomy from the active administration.

In Korea, the BAI is a part of the administrative system. This agency is established "under" the supervision of the President. The President appoints personnel of the agency and gives broad policy directions. The BAI reports directly to the President. This location of the BAI in the governmental structure may be interpreted as a reflection of tradition and political conditions. Speaking of tradition, there has never been any independent control agency attached to the legislature. Even such a pure auditing agency as the Board of Audit was placed under the direct supervision of the President. Environmentally, the executive dominated political situation did not allow any chance for the establishment of effective monitors in the

(12) The Executive Director of the BAI openly admitted that "the BAI is concentrating on the audit of accounts." See a panel discussion report in: *Kamsa-Wolbo* (Vol. 3, No. 3, March 1965), p. 51

legislature. It has been because of the immaturity of the legislature and because of the executive domination of the political powers. In this political situation, if the bureaucracy is ever to be controlled, it must be controlled by the executive centered leadership of the governing elites. The separate monitoring agency must have endorsement from the real power center. Assuming that there is only one such agency in the political system, it seems a better solution to place the separate monitoring agency close enough to the apex of the bureaucratic power center. Furthermore, the BAI is not a pure auditing agency in behalf of the legislature, but it is a multifunctional, managerial arm of the chief executive.

However, the attachment of the BAI to the top control center of the bureaucracy does not mean complete integration of the monitor's hierarchy into hierarchies of the active administration. Some degree of autonomy is essential for the successful performance of the separate monitoring agency. Structurally, the critical question is how to achieve optimum degree of detachment from the active administration and at the same time how to maintain structural links with the top control center it serves and with the active administration it controls.

There are a few legal measures which might be construed as constraints placed upon the exercise of the Presidential supervision over the BAI. The Article 2 of the Law of the BAI stipulates that "the BAI shall belong to the President, but the BAI shall maintain autonomy in performing its duty." Also, the President, at least in legal procedures, cannot arbitrarily remove personnel of the BAI, and the President's appointment of the top personnel of the BAI must be approved by the legislature. Actually, however, these legal measures do not provide a sufficient shield against the possible Presidential abuse. The provision of the "autonomy principle" is merely a normative guide that even the President should respect the authority and prestige of the BAI. This proclamation of autonomy does not offer practical ways and means of the autonomy. And, some constraints built into the personnel procedure are not strong enough to seal off manipulations by the President.

The President appoints personnel, gives policy directives, and elicits reports from the BAI. If he wishes, actually it is quite feasible for the President to give orders on the day-by-day performance of the BAI. Occasionally, the President gives orders to the BAI to investigate specific cases. Most of all, under the present structural arrangement and environmental conditions, the ultimate policy support for the BAI should come from the President. Thus, a demand for strong independence from the Presidential supervision seems unjustifiable. The problem of autonomy should be analyzed in terms of the antidistortion measures of the monitor's

communication channel and in terms of maintaining an optimum separation of the monitor's hierarchy from that of the active administration.

One significant improvement in the organization of the BAI is that this agency is placed high enough in the governmental structure to be able to exert its influences over ordinary hierarchies of the bureaucracy. The official rank of the head of the BAI expressed in terms of the salary level falls in between the Prime Minister and Cabinet members (Ministers) of the central government. As a unit of governmental organization, the BAI is placed above the ministerial level. It is a significant improvement of the status in relation to the active administration. This enhanced status could be a strong deterrent to interferences from the active administration and could offer a better chance of communication with the top control center of the administrative system.

The "commission-type" organization of the BAI is often referred to as a device of guaranteeing impartiality and of warding off external interferences. However, as will be seen in later descriptions, the multi-member decision making body called the Inspection Commissioners Meeting has only limited influence in the BAI. Therefore, "impartiality effects" expected from the Meeting are not significant.

The BAI is said to be having concentrated powers of quasi-judicial and quasi-legislative nature as well as the administrative. An addition of quasi-legislative and quasi-judicial authorities to administrative authorities is generally viewed as a measure of promoting autonomy of governmental organizations. However, quasi-judicial authorities of the BAI are limited because decisions reached by the BAI lack legal means for direct enforcement, and, naturally, they are challengeable in the courts.

The BAI is entrusted with some quasi-legislative powers. The Law of the BAI stipulates that the BAI shall determine procedures for internal operations and that the BAI shall lay down such rules and regulations necessary for the implementation of the Law of the BAI⁽¹³⁾. However, this type of authority is given to virtually all central government units. Article 90 of the Constitution provides that: "The Prime Minister or the head of each Executive Ministry may, under the delegation of powers by law or Presidential Ordinances, or *ex officio*, issue ordinances of the Prime Minister or of the Ministry concerning matters that are within their jurisdiction." The BAI is no exception to this general principle.

(13) The Law of the Board of Audit and Inspection, Articles 17 and 48

In the area of personnel management, there are a few protective measures for the top echelon personnel of the BAI. The President appoints the Chancellor of the BAI with the consent of the National Assembly for a period of four years. The President also appoints Inspection Commissioners who are recommended by the Chancellor. The office tenure for Inspection Commissioners is also four years. During their tenure, the Chancellor and Inspection Commissioners shall not be removed from their offices against their will except for those removals based on legally prescribed reasons including physical or mental inability. However, there are no removal procedures specified by law such as impeachment procedures or a resolution of the legislature for the removal of those personnel. Moreover, their office tenures are too short, and at the present, their office tenures are approximately overlapping with that of the President and legislators.

Members of the Executive Office of the BAI, the main production force, are subjected to personnel regulations applicable to the general service of the active administration. There is no legal or *de facto* distinction between these two services. Their career paths are identical. Therefore, monitors may have same perception and bias on control problems as those held by the personnel of the active administration.

In the budgeting process, the BAI prepares its own budget estimates. If the Cabinet considers it necessary to reduce the estimates, it must consult in advance with the Chancellor of the BAI⁽¹⁴⁾. But this does not significantly enhance autonomy of budgeting. All central government ministries and other independent agencies are treated similarly. The "budgetary autonomy" of the BAI means only that the preparation of budget estimates is not integrated into any particular ministerial processes of budget preparation. This is, however, only natural since the BAI is placed above the ministerial level. Budget estimates of the BAI are, of course, coordinated by the Economic Planning Board and by the Cabinet.

Generally speaking, the status of the BAI in the overall structure of the government is approximately equivalent to those of any other ordinary ministries and agencies. Only difference is that there are some legal expressions that might be construed as contributory to the enhancement of the prestige and the promotion of autonomy of the BAI. First, the Constitution provided a separate section for the provisions on the BAI, which is distinguished from the section on the Executive Branch. The Law of the BAI is enacted separately from the Law

(14) The Law of Budget and Accounting, Article 20

of Government Organization which regulates the organization of the active administration. However, these normative expressions do not automatically guarantee an optimum level of autonomy of the BAI.

As observed above, the BAI is insufficiently separated from the active administration in areas of maintenance and throughput and final judgment processes. However, the BAI is segregated from the active administration and from the public in areas where linkages of communication are necessary. In relation to the active administration, structural links for information reception are inadequate. There are no coordinative procedures for the utilization and guidance of internal control systems of the active administration. There is no structural arrangement such as dispatches to central government agencies or local branches which are designed to facilitate funnelling information into the production cycle of the BAI. Presently, most of central and local government agencies do not have counterpart units for the BAI. In the area of redressing citizens' grievances, the structural arrangement is equally inadequate. It is not prepared to receive positively information inflows from the public. In other words, there is no advisory or consultative units to meet citizens' needs. There is no unit which is exclusively in charge of the claims settlement procedures.

D. Service Organizations

The BAI is comprised of the Chancellor, the Inspection Commissioners Meeting, and the Executive Office. The Chancellor is the head of the agency. The Inspection Commissioners Meeting is a multimember, deliberative organ of decision making. The Executive Office is comprised of production and housekeeping units. Within the Executive Office, there are four primarily house-keeping offices and five operating line bureaus. Each bureau consists of four or five sections which are the basic organizational units of production activities. Organization of bureaus is based on the criterion of clientele. Rank-wise, the distribution pattern of personnel is diamond shaped, that is, the group of middle-management personnel is the largest in number.

In legalistic terms, the BAI is identified with the Inspection Commissioners Meeting. The Constitution stipulated that: "The BAI shall be composed of no less than five and no more than eleven members including the Chancellor."⁽¹⁵⁾ In this constitutional provision, the "Board

(15) The Constitution of the Republic of Korea, Article 93

of Audit and Inspection” means the collegiate body now called the Inspection Commissioners Meeting placed at the apex of the BAI hierarchy. The Chancellor is a part of this collegiate body, and the Executive Office is a secretariat or an auxiliary organ attached to the collegiate body. This legal explanation aside, the original design of the internal structure obviously attempted to make the collegiate body play a leading role in every aspect of control activity. In the course of operation, the influence of this organizational unit has been greatly diminished relative to that of the Executive Office. Practically, the production units of the Executive Office took over the dominant role. The role of the Inspection Commissioners Meeting in the production cycle has been weakened because it has been largely removed from the direct contact to sources of control information. The insignificant position of the Inspection Commissioners Meeting is reflected in the “theory of organizational dualism,” which has been advocated by many members of the Executive Office. This theory of dualism argues that the Inspection Commissioners Meeting is deliberately separated from the Executive Office for the sake of internal checks and balances between these two units of organization. This theory further argues that the Executive Office is not subordinate to the Inspection Commissioners Meeting. In legal language, the Executive Office is attached “to” and not “under” the Inspection Commissioners Meeting.⁽¹⁶⁾

At any rate, this tendency of weakening the collegiate body of decision making is dysfunctional to the health of the system. Practically all major steps of production are undertaken by sections of the Executive Office. And the work done in these sections passes through the hierarchical channel to the Meeting to acquire legal effects of decisions. This practice may be responsible for the increased formalism in the production cycle. There is a danger that actual control functions may be monopolized by the lower level executive personnel with narrow perspectives and minor professional standing, and the Inspection Commissioners Meeting may deteriorate into a figurehead unit of the BAI.

1 The Chancellor and the Inspection Commissioners Meeting

a. The Chancellor. The Chancellor is the head of the BAI, who presides over the Inspection

(16) Cf. so-called theory of organizational dualism, see: Park Bong-whan, “Organization of the Board of Audit and Inspection,” in *Kamsa-Wolbo* (Vol. 1, No. 3, July 1963), p. 6, Kim Yul-bok, *A Study on Claims Settlement by the Board of Audit and Inspection* (Master Thesis: Graduate School of Public Administration, Seoul National University, Seoul, Korea, 1965), p. 18, and Shin Hyun-su, “Organization of the Board of Audit and Inspection,” in *Administrative Management* (Ministry of Government Administration, Seoul, Korea, No. 3, 1963), p. 78

Commissioners Meeting, supervises the Executive Office, and represents the BAI externally. The Article 4 of the Law of the BAI states that: "The Chancellor shall represent the BAI, and direct and supervise the personnel under his jurisdiction." In legalistic terms, all responsibilities for the operation of the BAI are ultimately placed on the Chancellor. In reality, however, his involvement in production activities is limited. He is primarily concerned with maintenance functions of the system.

The Chancellor decides the distribution of personnel within the Executive Office; he determines the individual jurisdiction of production units; he designates optional inspection matters; and he approves priority inspection plans. Also he signs budget requests and other external documents, and he reports directly to the President and the Prime Minister.⁽¹⁷⁾

The Chancellor may issue orders on specific inspection problems or may pay special attention to a particular case of inspection. There is no legal prohibition against such possible actions of the Chancellor. Ordinarily, however, he is removed from the routine production activities. He participates in sessions of the Inspection Commissioners Meeting on equal terms with other Commissioners in deciding individual cases. There is no such personal involvement in control activities as is found in the Scandinavian Ombudsman system.

The Chancellor is appointed by the President with the consent of the National Assembly for a period of four years. The Chancellor can serve one more consecutive term.⁽¹⁸⁾ There are no legal qualification requirements for the Chancellor. The appointment policy on qualifications of the Chancellor has been inconsistent. The selection of heads of separate monitoring agency reflected the nature of a particular regime in power. The chronicle of heads of separate monitoring agencies in Korea is shown in the Table (1). Two predecessor agencies of the BAI are included in this table. One significant phenomenon in this chronicle is the incredible frequency of changes in offices. There are many reasons behind this rapid movement in offices. It may be partly because of inadequate selection of persons from the beginning. Or it may be because of the lack of prestige in the office. Such offices were not attractive enough for qualified and ambitious persons. But the most important reason has been the political instability and consequent lack of safeguard against political and bureaucratic manipulation of the office.

(17) cf. The Service Regulation of the Board of Audit and Inspection (The BAI Reg. No. 5, April 23, 1963), Article 5, The Law of the Board of Audit and Inspection, Article 11, and The Service Organization Regulation of the Executive Office of the Board of Audit and Inspection (The BAI Reg. No. 3, March 20, 1963)

(18) The Constitution of the Republic of Korea, Article 93, and the Law of the Board of Audit and Inspection, Article 4

Table (1) Heads of Separate Monitoring Agencies in Korea

Inspection Council		Board of Audit	
Names	Date of Appointment	Names	Date of Appointment
1. Chu g In-bo (Chinese Literature)	1948. 7. 17	1. Myung Jae-sae (Revolutionary)	1948. 9. 4
2. Rho Jin-sul (Lawyer)	1949. 7. 22	2. Ham Tae-young (Lawyer)	1949. 11. 24
3. Lee Kwang (Revolutionary)	1952. 9. 22	3. Rho Jin-sul (Lawyer)	1952. 9. 22
4. Kang In-taik (Politician)	1954. 7. 3	4. Choi Ha-young (Administrator)	1956. 10. 1
		5. Kim Sae-wan (Lawyer)	1960. 6. 25
		6. Lee Won-yup (Army Officer)	1961. 5. 20
		7. Han Shin (Army Officer)	1962. 7. 12
		8. Lee Ju-il (Army Officer)	1963. 2. 19
Council of Correction		Board of Audit and Inspection	
Names	Date of Appointment	Names	Date of Appointment
5. Cho Yong-sun (Lawyer)	1955. 11. 2	1. Lee Wonyup (Army Officer)	1963. 3. 20
6. Chung Sun-suck (Lawyer)	1958. 10. 8	2. Han Shin (Army Officer)	1963. 7. 12
7. Choi Byong-suk (Lawyer)	1960. 1. 25	3. Lee Ju-il (Army Officer)	1964. 2. 29
Inspection Council			
Names	Date of Appointment		
8. Min Young-su (Lawyer)	1961. 4. 3		
9. Choi Jae-myung (Army Officer)	1961. 5. 20		
10. Chang Myung-shin (Army Officer)	1961. 7. 20		

*Descriptions in parentheses show career patterns.

Source: Kim Ok-in, A Study on the Board of Audit and Inspection (Master Thesis: Graduate School of Public Administration, Seoul, Korea, 1964), pp.154-155

The election of the present Chancellor also reflected the nature of the present regime. He was a professional soldier. He graduated from the Japanese Military Academy in 1943. He continued his military career in the Korean Army established after the World War Two. In 1961, when the military government was established, he was a lieutenant general of the Korean army. Later in 1963 he joined the supreme governing body of the military regime, and he became the Vice-Chairman of the Supreme Council for National Reconstruction. In the same year, he was discharged from the army with the rank of army general. In 1964, he assumed present position as the Chancellor of the BAI.⁽¹⁹⁾

The Chancellor's military background and connections with the governing political power centers have certainly enhanced the status of the BAI in the governmental structure. Since the governing elites of today are almost identical to those of military regime in the past, the

(19) *Korean Administrative News Yearbook* (Korean Administrative News Corporation, Seoul, Korea, 1966), p.45

Chancellor and his BAI have a better chance to acquire good endorsement from the governing elites. Thus, he could serve his second term of office. However, the personal bond and endorsement must be distinguished from the policy support to the BAI as a control system.

The Law of the BAI provided that the salary of the Chancellor shall be determined within the range of salaries of the Prime Minister and of ministers.⁽²⁰⁾ His current salary per month is 68,000 *won* (about 270 *wons* stand for 1 U.S. Dollar). The President's monthly salary is 100,000 *won*; the Prime Minister receives monthly salary of 83,000 *won*; the Deputy Prime Minister (*ex officio* Chairman of the Economic Planning Board) receives 68,000 *won*; and a Minister of the central government receives 64,000 *won* monthly.⁽²¹⁾

b. The Inspection Commissioners Meeting. The Inspection Commissioners Meeting is formally placed at the apex of the hierarchy of the BAI. In legalistic terms, most of decisions of the BAI are made effective in this decision making unit. All major problems of the BAI must be brought into this collegiate body. However, in the actuality of operation, most of maintenance functions are carried out by the Executive Office under the direction of the Chancellor. The Executive Office is also the center of production activities. Matters on production activities merely pass through sessions of the Inspection Commissioners Meeting. In other words, the actual structural arrangement is such that the influence of the Meeting is greatly diminished.

The Constitution stipulated that the BAI (here it is the Inspection Commissioners Meeting) shall be composed of no less than five and no more than eleven members including its chairman (the Chancellor).⁽²²⁾ Within this Constitutional limit, the Law of the BAI set the number of the Inspection Commissioners at nine including the Chairman.⁽²²⁾ Presently, all nine offices are filled by eight Inspection Commissioners and the Chancellor.

The President appoints Inspection Commissioners based on the recommendation of the Chancellor of the BAI. Their office tenure is four years, and they may be reappointed for consecutive terms. The Chancellor can be appointed for one consecutive term only. But, there are no such limitations for Inspection Commissioners. The compulsory retirement age is sixty five.⁽²⁴⁾ Despite frequent changes of Inspection Commissioners, no one was yet removed by expiration of office tenure or by reaching the compulsory retirement age. The effect of

(20) The Law of the Board of Audit and Inspection, Article 5

(21) The Civil Service Remuneration Ordinance (April 1, 1967)

(22) The Constitution of the Republic of Korea, Article 93

(23) The Law of the Board of Audit and Inspection, Article 3

(24) The Law of the Board of Audit and Inspection, Article 6

these provisions is yet to be seen. However, as a legal arrangement, the short office tenure may be considered as a cause of instability of the office. The real problem of the present system is deeper and more complicated than that of simple tenure provisions. The turnover rate of Inspection Commissioners is obviously higher than that of the active administration. In the present political situation, the governing elites may easily remove Inspection Commissioners at their will regardless of the tenure provision. Perhaps the more critical problem is the lack of professionalism in those offices. It seems that most of office-holders obviously did not believe that the job of Inspection Commissioner was a promising career for their future. Some of them might have considered their positions as waiting places for better governmental positions. Lengths of service of Inspection Commissioners in their present position is shown in the table below.

Table 2. Lengths of Service of Inspection Commissioners as of February 25, 1969

Names	Date of appointment
1. Lee Keun-sang	1964. 2. 21
2. Kim Jin-ki	1964. 2. 21
3. Lee Hyung-ju	1963. 3. 20
4. An Tae-kap	1963. 3. 20
5. Lee Jung-sam	1967. 5. 11
6. Chang Su-young	1967. 5. 11
7. Hong Il-won	1967. 12. 19
8. Shin Jong-sun	1968. 1. 20

Source: Personnel files of the General Affairs Section of the BAI

Only half of the present Inspection Commissioners served more than four years. And only two of the Inspection Commissioners who were appointed at the start of the BAI have remained in their position until now.

It is equally laid down that salaries of Inspection Commissioners should be same amounts to those of Vice-Ministers of the central government. Their current monthly salary is 48,000 won. Inspection Commissioners cannot take additional jobs yielding profits or compensation. They are also prohibited from taking part in political activities or from assuming positions in the active administration.⁽²⁵⁾

There are legally prescribed qualification requirements for Inspection Commissioners.

(25) The Law of the BAI, Articles 5, 9 and 10 and the Civil Service Remuneration Ordinance (April 1, 1967)

Inspection Commissioners shall be appointed from among persons who have following experiences:⁽²⁶⁾

- (a) a person who served more than three years as a first grade or above civil service personnel;
- (b) a person who served more than six years as a second grade or above civil service personnel;
- (c) a person who has served more than ten years as a judge, a prosecutor, a military judge advocate, or as a lawyer;
- (d) a person who served more than six years as an associate professor or a professor of law or economics in universities; and
- (e) a person who served more than ten years as a field grade officer or above in the military.

At the beginning of the BAI, the majority of Inspection Commissioners was drawn from professional military men. This composition has been gradually changing, and now the majority is composed of former civil servants. Except for the minimum legal requirements of qualifications, there has not emerged any set pattern of personnel selection. In terms of qualifications of Inspection Commissioners, there is no clear line of specialization among them. So far, under the present salary scale and working conditions, the BAI has been unable to select the best qualified personalities.

The Chancellor of the BAI is a member of the Inspection Commissioners Meeting and he presides over sessions of the Meeting. He can summon special sessions of the Meeting. Regular sessions are held every week on Tuesday. Under the direction of the Chancellor, the Executive Director of the Executive Office prepares proposals to be considered in the Meeting. The Executive Director attends the Meeting; he may explain matters in deliberation; and he helps proceedings of the Meeting. Other related personnel of the Executive Office may also attend the Meeting. In this case, such personnel must receive permission from the Meeting prior to their presence. The Meeting can summon and question involved persons and witnesses, and may ask expert examinations of evidence. The code of criminal litigation procedures is applied to these investigation procedures. However, the Meeting has been rarely involved in such direct investigations. There is no organizational division or established principle of division of

(26) The Law of the BAI, Article 7

work among individual Inspection Commissioners⁽²⁷⁾.

As a decision-making body for the BAI, the Inspection Commissioners Meeting is entrusted with extensive responsibilities. The jurisdiction of the Meeting is broad and comprehensive. Major functions determined by law include: confirmation of closing accounts of the state; judgment of indemnification; decisions on requesting disciplinary action, correction or improvement; decisions on claims settlement; legal advice and rendering of opinions on legislation; determination on regulations and budget requests; etc.⁽²⁸⁾ However, actual involvement of the Meeting in these activities is more often than not nominal. As mentioned earlier, most of production activities are carried out in the Executive Office, and the outcome of such activities is passed to the Meeting to acquire formality. Individual control cases to be examined by the Meeting are sent to Inspection Commissioners only one day earlier than the opening of the session.⁽²⁹⁾ Inspection Commissioners are merely the members of the deliberative body, and they do not have reasonable and sufficient command over operating arms. They are largely estranged from the line command and consequently from information on control cases.

1. The Executive Office

The Executive Office is comprised of one Executive Director, one Assistant Director, five operating bureaus and four primarily housekeeping offices. The five operating bureaus constitute the main production line of the BAI. The Executive Office is staffed by one special category civil servant (the Executive Director) and general category civil servants. Under the general direction of the Chancellor, this office carries out maintenance and production activities of the BAI.

The highest supervisor within the Executive Office is the Executive Director. His salary is equal to that of an Inspection Commissioner. His current monthly salary is 48,000 *won*.⁽³⁰⁾ He is appointed by the President based on the recommendation made by the Chancellor of the BAI. In making such recommendations, the Chancellor must receive approval of the Inspection Commissioners Meeting. The Assistant Director is a first grade civil servant, and ordinary civil service rules for general category personnel are applicable to his appointment. The Bureaus and Offices are headed by second grade civil servants. Sections within bureaus and offices are

(27) The Law of the BAI, Articles 11, 13, 14 and 15

(28) The Law of the BAI, Article 12

(29) The Regulation on Proceedings of the Inspection Commissioners Meeting (Reg. No. 2, March 21, 1963), Article 9

(30) The Civil Service Remuneration Ordinance (April 1, 1967)

headed by third grade-A personnel.

Four housekeeping offices of the BAI are: the Office of Deliberation; the Office of Planning; the Office of Technical Service; and the General Affairs Section.

The General Affairs Section is in charge of secretariat and clerical services for the BAI. Major responsibilities of this Section include: confidential matters; custody of official seals; personnel management; disposal of documents; on-the-job training; accounting; and matters which do not belong to jurisdictions of other units of the BAI.⁽³¹⁾

The Planning Office is comprised of two sections, and its main duties include: planning and coordination of inspection activities; establishment and analysis of operation plans; preparation of budget requests; coordination of budget execution; matters concerning international conferences; internal inspection of the BAI; preparation of annual and other reports; statistics; research and improvement of inspection practices common to the operating bureaus.⁽³²⁾

The Office of Deliberation is comprised of two sections. Its responsibilities include: administrative litigations involving the BAI; disposal of review requests on decisions of the BAI; proceedings of the Inspection Commissioners Meeting; and answering inquiries by the active administration.⁽³³⁾

The Office of Technical Service performs expert examinations of public works and construction works.⁽³⁴⁾

The operating bureaus are organized on the basis of clientele. In other words, the division of work is based on the criterion of agencies to be controlled. For example, the First Section of the First Bureau is responsible for the control of the Ministry of Finance, the Bank of Korea and government-invested banks, regardless of subjects or types of matters to be inspected. Bureaus do not have functional particularities which may distinguish one from another, except for the fact that they are inspecting different agencies. Thus, they are simply called by numbers: the First Bureau, the Second Bureau, and so forth. Each Bureau is headed by a Bureau Chief and an Assistant Bureau Chief.

Each Bureau is sub-divided into four or five Sections. Sections are also called by numbers, and they are distinguished each other by the difference of agencies which they inspect. Each Section has an exclusive jurisdiction over nearly all control matters on certain agencies which

(31) The Service Organization Regulation of the Executive Office of the Board of Audit and Inspection, Article 4

(32) *Ibid.*, Article 5

(33) *Ibid.*, Article 6

(34) *Ibid.*, Article 7

it is inspecting.

In the production cycle of the BAI, these Sections are the key structural units to which major phases of control activities are concentrated. They initiate information reception, evaluate information, and make drafts of decisions of the BAI. In the course of their activities, they may be required to get approvals of Bureau Chiefs and the Executive Director, and infrequently the Chancellor. But the higher echelon approvals on procedural matters are often nominal. The Inspection Commissioners Meeting is nearly excluded from these processes until finally drafts of decisions reach to the Meeting. The first line of production work is completed by Sections then the semi-finished products pass up through the hierarchical channel usually up to Bureau Chiefs and occasionally to the Executive Director. The product packages which may be submitted to the Inspection Commissioners Meeting are approved by the Chancellor. However, in ordinary cases, the substantial scrutiny is usually finished by Bureau Chiefs. Control cases (the semi-finished package of control works) are finally transmitted to the Inspection Commissioners Meeting through the Office of Deliberation.

These structural relations result in the extended hierarchy. This kind of lengthy line of command is considered unhealthy for separate monitoring agencies. Suppose an instance where a third grade-B personnel (Assistant Inspector; he is a higher civil service personnel just below Section Chiefs) completed a case of investigation and prepared a draft of decision. To receive the approval of the Chancellor, his proposal must go through the hierarchical line including the Section Chief, the Assistant Bureau Chief, the Bureau Chief, the Assistant Executive Director, the Executive Director, the Section Chief of the Deliberation Section, the Assistant Chief and the Chief of the Office of Deliberation, and finally to the Inspection Commissioners Meeting. Downward Communications may also pass through all these hierarchical layers. As a practical solution, many approval procedures are either omitted or routinized. Many supervisory functions are delegated to the lower echelon of the hierarchy. These simplification measures in turn, may result in the increased influence of lower echelon structures, particularly that of Sections, and in diminished chances for better coordination of production activities.⁽³⁵⁾

One significant feature of the service organization is the lack of structural differentiation.

(35) On service relations within the Executive Office, see: The Directive on Internal Jurisdictions of Inspection (The BAI Directive No. 2, May 22, 1963); The Service Organization Regulation of the Executive Office of the Board of Audit and Inspection; and the Directive on Delegation Procedures of the [Executive Office of the Board of Audit and Inspection (The BAI Directive No. 6, May 22, 1963)

The simply extended command channel does not necessarily mean a better differentiation of structures, since it does not contribute much to the structural differentiation based on different facets of decision-making. In the horizontal division of work, the clientele-based service organization is defective to a control agency which handle functionally differentiated and highly specialized control problems in a modern government. This pattern of service organization, on the other hand, necessitates extended coordination activities. More often than not, it is very difficult to maintain balance (equity) in evaluation and disposal of cases between different agencies. Also, it is very difficult to carry out comprehensive and horizontal inspections on interdepartmental or government-wide problems.

Although a Section Chief may organize two different task forces which are respectively in charge of auditing accounts and performance inspection,⁽³⁶⁾ there is no orderly or "established" division of work within a Section. Bureau Chiefs and the Executive Director must also cope with diffuse tasks. The Inspection Commissioners Meeting is equally undifferentiated. Within the Meeting, there are no divisions or panels for different tasks.

The audit and performance inspection functions are integrated into the same structural units. These two functions are, of course, closely interrelated. However, they still have some distinct characteristics and require different technical skills. Similarly, the operation of claims settlement was virtually ignored in the structural arrangement.

Some of the difficulties arising from the structural diffuseness were recognized by the members of the BAI. This recognition was often expressed in official statements. The Chancellor of the BAI once said:

"...although there may be differences of opinion about the service organization of the BAI, frankly speaking, the present system involves many difficulties in carrying out its responsibilities efficiently and comprehensively. Especially, the present organization of service is so uniformly structured that many difficulties arise in the division of work, distribution of personnel and efficient management of tasks."⁽³⁷⁾

A Director of the BAI stated that:

"Because of the lack of connection and mutual assistance between bureaus and sections, the BAI as a single agency made different decisions on identical matters, and this has

(36) The Directive on Internal Jurisdictions of Inspection, Article 2

(37) Lee Ju-il, *op. cit.*, p. 3

inflicted a great damage to the prestige of the BAI...⁽³⁸⁾

However, in attempting to alleviate the difficulties arising from the structural inadequacies, the BAI has failed to solve fundamental problems. Only minor remedial measures were attempted. Some procedural changes were introduced to reduce coordination difficulties in 1966 and 1968. Firstly, when the Office of Deliberation wants to propose any change in laws or regulations, it must have advance consultation with Bureau Chiefs and the Office of Planning. Similarly, when the Office of Planning wants to propose any change in laws and regulations, it must have advance consultation with Bureau Chiefs, and with the Office of Deliberation. Secondly, a "Coordinative Meeting" may be called upon by the Executive Director to dissolve differences in opinion. This "Coordinative Meeting" shall be comprised of the Executive Director, the Assistant Executive Director, the Chief of the Office of Deliberation, the Legal Affairs Section Chief of the Office of Deliberation, the Section Chief in charge of the matter in question and his Bureau Chief.⁽³⁹⁾

Resources of the system have been thinly spread out on organizational units to meet the overwhelming goals of the BAI. When we view the problem only from the standpoint of the BAI without considering general personnel and budgetary difficulties in the government, the shortage of personnel and budget in the BAI seems critical. Furthermore, in its priority plans of resource distribution, the operating bureaus which are directly involved in everyday production activities receive highly preferential treatment at the expense of other units of organization. Thus, maintenance units of the BAI suffer further shortages of resources.

A policy statement of the Chancellor dictated that "the personnel must be allocated in priority to the first line operating units (namely, the operating bureaus and sections)," and that "the staffs of the central offices (namely, the housekeeping offices) must be diminished as much as possible." This statement went further and directed that "the manpower should be preferentially allotted to those units of the BAI, which are in charge of agencies of economic and industrial concerns."⁽⁴⁰⁾ Thus, important maintenance functions such as planning and adaptive coping have been seriously under-rated in resource distribution. Available resources are so vastly inadequate that the BAI seems unable to search for alternative ways of resource distribution. In fact, this "hand-to-mouth" practice is a general phenomenon found in the

(38) The Directive on the Improvement of Coordination (The BAI Directive No. 15, 1964)

(39) The Service Directive (The BAI Directive No. 1, May 22, 1963), Articles 5, 7, 8, 41 and

45

(40) Lee Ju-il, *op. cit.*, p.3

government and the society. As John T. Dorsey, Jr. pointed out, "a high proportion of the component subsystems expend a high proportion of their energy in direct extraction of energy from the environment," and "the relative scarcity of information inputs to control and maintenance subsystems results in adaptations of such subsystems and of the system as a whole to its environment under relatively high degrees of uncertainty."⁽⁴¹⁾

(41) John T. Dorsey, Jr., "An Information-Energy Model," in Ferrel Heady and Sybil L. Stokes, eds., *Papers in Comparative Public Administration* (Institute of Public Administration, University of Michigan, 1962), pp. 47 and 51