

Appendix 3

SIGNIFICANT CASES INVOLVING ADB STAFF IN 2007

Allegations	Investigative Findings	Case Resolution
FRAUD Medical, Dependency Allowance, Leave Benefits, and Rental Subsidy		
Dependent of staff allegedly bought medications using forged prescriptions.	<ul style="list-style-type: none"> ■ With the assistance of BPMDS, Vanbreda (ADB’s insurers), concerned doctors, and through interviews with staff, OAGI concluded that 40 drug purchases by the staff member’s dependent, amounting to PHP561,116.75, were based on falsified prescriptions. ■ The net amount already paid by Vanbreda (i.e., net of staff’s share) amounted to PHP402,506.37. 	<ul style="list-style-type: none"> ■ OAGI reported its findings to BPMDS and recommended disciplinary actions pursuant to AO 2.04. ■ The staff was terminated. ■ The fraudulently claimed amount was recovered.
Staff allegedly submitted fraudulent medical insurance claims.	<ul style="list-style-type: none"> ■ With the assistance of Vanbreda, OAGI reviewed the staff’s medical insurance file since 2003 and located some of the doctors who issued the prescriptions. ■ OAGI established that the staff had falsified prescriptions and receipts, and fraudulently claimed reimbursements under the Group Medical Insurance Plan (GMIP) to the amount of PHP1,028,064.08. 	<ul style="list-style-type: none"> ■ OAGI reported its findings to BPMDS and recommended termination be processed only if ADB is able to recover PHP1,028,064.08 in accordance with AO 2.04, Section 5b; and AO 3.11, Section 9.2. ■ Staff’s initial application to resign was rejected and he¹² was required to affirm that he would reimburse ADB the amount that was fraudulently claimed under GMIP and that such amount would be deducted in full from the final payment upon termination. Furthermore, staff was required, among other things, to renounce the continuation and conversion options under GMIP. ■ With the above conditions, the staff’s application for voluntary resignation was accepted. ■ As staff’s termination benefits only covered a part of the amounts due, Vanbreda has the right to, and may, initiate legal action against the staff to recover the remaining amount.

¹² He/his/him is used throughout Appendix 3 for convenience and is not gender-specific.

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<p>Staff allegedly abused sick leave and medical insurance benefits.</p>	<ul style="list-style-type: none"> ■ Staff had applied for additional sick leave, but went overseas for recreational purposes during his leave. ■ The doctor who issued numerous sick leave certificates and prescribed medications from 2002 to 2007 was not licensed by the Government. ■ Staff purchased substantial quantities of medicines at frequent intervals; consumption was highly irregular and unusually high. 	<ul style="list-style-type: none"> ■ OAGI reported its findings to BPMSD. ■ BPMSD initiated a formal disciplinary proceeding pursuant to Subparagraph 9.2(a) of AO 2.04. ■ Subsequently, ADB recovered the unsubstantiated medical claims. ■ Staff resigned under BPMSD's option letter mechanism.
<p>Staff A, B, C, and D allegedly abused dependency allowance benefits when they failed to advise BPCB they were receiving allowances they were not entitled to.</p> <p>Staff E allegedly failed to properly exercise his job duties in processing dependency allowances.</p>	<ul style="list-style-type: none"> ■ Staff A and B informed BPCB of the incorrect inclusion of dependents, in response to a reminder from BPCB to all staff, requesting confirmation of their personal details. ■ Staff A applied for dependency allowance for his parents in 1989. In 2004, he submitted another application to add his mother as a dependent and claimed that he had forgotten his mother was already included. BPCB discovered that the birth year of his mother was different in both applications. OAGI concluded that Staff A was not entitled to dependency allowance as his parents were not receiving their main support from him. ■ Staff B had declared his father's death and provided BPCB with a Dependent's Status Form and a death certificate in September 2002. However, due to oversight, he was still receiving a dependency allowance up to 2007. Staff B explained that he did not report this to BPCB because he did not believe he was receiving a dependency allowance. ■ Staff C did not submit a Dependent's Status Form concerning his spouse's death. However, Staff C did advise BPCB in 2002 that his spouse had died. ■ Staff D failed to submit a Dependent's Status Form to BPCB when his father-in-law died. He did not coordinate with BPCB and ensure the timely deletion of his father-in-law as his dependent. ■ OAGI did not find sufficient evidence to show that Staff E colluded with other staff. However, OAGI concluded that Staff E's conduct in carrying out his duties was unsatisfactory. 	<ul style="list-style-type: none"> ■ OAGI reported its findings to BPMSD and recommended disciplinary action in accordance with AO 2.0, paragraph 5. ■ Staff A was issued a written reprimand. ADB discontinued the dependency allowance for his mother and will recover all dependency allowance payments for his parents since 1989. ■ Staff B was issued a written reprimand and ADB will recover the overpayment of dependency allowance since his father's death. ■ Staff C was issued a written reprimand and ADB will recover the overpayment of dependency allowance since his spouse's death. ■ Staff D was issued a written reprimand and ADB will recover the overpayment of dependency allowance since his father-in-law's death. ■ Staff E was issued a written reprimand for unsatisfactory conduct in carrying out his duties.

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<p>Staff allegedly made fraudulent claims for dependency benefits and also misrepresented his marital status.</p> <p>The case was brought to OAGI's attention when the Office of the General Counsel (OGC) received a court order in relation to the staff's deceased spouse.</p>	<ul style="list-style-type: none"> ■ Based on government records, the staff was legally married and there was no suggestion that this marriage was ever legally dissolved. ■ His representations before the court about his marital status does not have any bearing upon his claim at ADB for dependency benefits. ■ It was concluded that staff did not misrepresent any other information to ADB to support his claim for dependency benefits. 	<ul style="list-style-type: none"> ■ OAGI informed OGC and BPCB of its findings. ■ OGC replied to the court, explaining ADB's privileges and immunities.
<p>Staff allegedly was receiving rental subsidy for his residence but the owner of the house may possibly be his relative.</p>	<ul style="list-style-type: none"> ■ The initial complaint was based on the coincidence of the common surname alone. ■ The investigating firm hired by OAGI was unable to identify any familial or other compromising connection between the ADB staff and the house owner. 	<ul style="list-style-type: none"> ■ OAGI closed the case.
ABUSE OF RESOURCES		
<p>Staff A allegedly withdrew PHP10,000 without authorization from the bank account of Staff B.</p>	<ul style="list-style-type: none"> ■ OAGI reviewed records and video footage, which indicated that Staff A made the unauthorized withdrawals. ■ Staff A at first denied the charge. However, he subsequently admitted taking the money and returned the same to OAGI. 	<ul style="list-style-type: none"> ■ OAGI reported its findings to BPMSD. ■ The money was returned to Staff B. ■ BPMSD initiated disciplinary proceedings against Staff A under AO 2.04 and suspended him without pay pending investigation. ■ Staff A was subsequently dismissed from ADB.
<p>Financial, Administrative, and Information Systems Division, OAG found that staff made repeated personal, international phone calls using ADB telecommunications facilities.</p>	<p>OAGI established the identity of the staff and that</p> <ul style="list-style-type: none"> ■ Staff made 473 phone calls to one person totaling 340 hours and 17 minutes to two phone numbers between May 2006 and February 2007, using ADB telecommunication facilities placed under the responsibility of the staff, including international direct dialing (IDD) access, wireless phone, and cell phone. ■ The calls amounted to \$1,594.08 + PHP111,368.69. ■ The staff did not cooperate with OAGI and denied making the calls. ■ The staff engaged in misconduct by abusing ADB telecommunication facilities, and by making false statements to OAGI investigators. 	<ul style="list-style-type: none"> ■ OAGI reported its findings to BPMSD and recommended disciplinary action pursuant to section 2.1 (e) and (f) of AO 2.04. ■ Staff was subsequently terminated by BPMSD.
<p>Staff allegedly transferred funds from the Country Office's bank account to his dependent's account and collected interest before returning the funds to the Country Office's account.</p>	<ul style="list-style-type: none"> ■ OAGI did not find any evidence of corrupt or fraudulent practice in the management of the Country Office's bank accounts. 	<ul style="list-style-type: none"> ■ OAGI closed the case and informed the Country Office. ■ OAGI recommended that staff members be reminded that, although it is their obligation to report allegations of fraudulent and corrupt practices to OAGI, such reports should be made in good faith and allegations should be substantiated.

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BREACH OF ADB SANCTION POLICY		
<p>Staff allegedly approved a contract extension with a sanctioned firm.</p>	<ul style="list-style-type: none"> ■ OAGI was not consulted regarding the extension and addendum in the contract. ■ The length of the original contract and the addendum are both 10 months, and the value of the addendum represents 72% of the value of the original contract. ■ There was no evidence that the project staff intentionally breached ADB policy. ■ ADB staff was negligent in approving the contract extension without consulting OAGI. 	<ul style="list-style-type: none"> ■ OAGI closed the case and informed BPMSD of its findings but made no recommendation for disciplinary action. ■ The project department instituted a system to avoid variations (including extensions and addendums) to contracts involving debarred entities, without consulting OAGI. ■ OAG reminded the regional departments to consult OAGI before varying a contract with a debarred entity.
ABUSE OF POSITION		
<p>Staff allegedly used his position to gain benefits from contractors and suppliers.</p>	<ul style="list-style-type: none"> ■ After submission of the complaint, complainant separated from ADB and advised OAGI that he did not wish to cooperate any further. ■ Therefore, although the allegations had potential integrity implications, it lacked the necessary details that would have been the basis to pursue a legitimate investigation. 	<ul style="list-style-type: none"> ■ OAGI reported its findings to BPMSD and recommended that BPMSD consider a warning to the staff to avoid even an appearance of impropriety. ■ BPMSD reminded staff to avoid any appearance of impropriety in his actions.
<p>Staff A allegedly granted special privileges to a co-financier of a technical assistance (TA) because of a former professional work relationship with a senior staff member of the said co-financier. In particular</p> <ul style="list-style-type: none"> ■ Staff A and the senior staff member of the TA co-financier allegedly imposed consultants on the project with whom they had worked in the past. ■ Staff A, the senior staff member of the TA co-financier, and others developed a plan to improperly disburse large amounts of money from the TA for unknown beneficiaries. 	<ul style="list-style-type: none"> ■ A large number of documents were obtained and analyzed. Interviews were also conducted in several countries with a range of people, including staff members from ADB and the co-financier. ■ During the course of OAGI's investigations, no cogent evidence of an independent nature was found to support either of the allegations. OAGI concluded that the required burden of proof had not been met and that neither of the allegations could be substantiated. ■ While conducting its investigation, OAGI became aware of alleged serious violation of Administrative Orders involving Staff B who was closely associated with the complaint. The breach involved the general principles of conduct expected of staff. 	<ul style="list-style-type: none"> ■ A comprehensive report detailing the results of OAGI's investigation into the allegations was forwarded to BPHR. ■ OAGI found no evidence that Staff A had <ul style="list-style-type: none"> • granted special privileges due to the former work relationship; • imposed consultants on the project; and • developed a plan to improperly divert funds from the TA. ■ BPMSD initiated disciplinary proceedings against Staff B under AO 2.04 and placed him under paid administrative leave pending investigation. ■ Staff B was subsequently terminated for serious breach of ADB's Code of Conduct.

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CONFLICT OF INTEREST		
<p>Concerns of potential conflict of interest between a staff and a service provider, and that information might be disclosed that could give the service provider an advantage if there was competitive bidding.</p>	<ul style="list-style-type: none"> ■ OAGI assessed the applicability of institutional procurement versus COSO's process for engaging staff consultants and concluded that, as the issue of procurement method was discretionary, this could not be considered a valid complaint. ■ The concerns were general and not specific allegations of issues under OAGI's mandate. ■ The broad discretion a hiring office has in direct selection of service providers (or staff consultants) limits the verifiability of even the general concerns. 	<ul style="list-style-type: none"> ■ OAGI closed the case and informed the complainant that it may reassess the matter if further evidence or concerns arise in the future.
<p>Alleged conflict of interest arising from a personal relationship between a staff and consultant, alleged abuse of power, and alleged misuse of ADB funds by staff.</p> <p>Alleged misuse of ADB funds by consultant and alleged inappropriate behavior in the workplace.</p>	<ul style="list-style-type: none"> ■ OAGI reviewed all relevant documents and found no evidence that the staff and consultant had been using ADB funds inappropriately. ■ OAGI concluded that there was no actual conflict of interest arising from the relationship between the staff and consultant. ■ OAGI did not investigate the consultant's alleged inappropriate behavior as this is outside its mandate. 	<ul style="list-style-type: none"> ■ OAGI closed the case and reported its findings to BPMSD.
<p>Staff allegedly influenced contract awards in favor of a consultant for project areas under his direct supervision.</p>	<ul style="list-style-type: none"> ■ The consultant had five contracts with ADB, two of which were approved by the senior staff. However, the consultant had strong academic and professional credentials and was undoubtedly the most qualified candidate to carry out the assignments. ■ There was insufficient evidence to conclude that the staff improperly influenced the selection of the consultant. 	<ul style="list-style-type: none"> ■ OAGI closed the case.