

CSO Meeting with ADB's Auditor General

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The Auditor General's discussion with NGOs covered the work of ADB's integrity and audit functions. There was a brief summary of the scrutiny of ADB's financial, information technology, administrative and operational controls conducted by ADB's audit division, as well as clarification of the direct reporting line to ADB's President and the Audit Committee of the Board. However, the majority of the presentation and discussion concerned the work of ADB's integrity division.

The Auditor General referred to the 2008 annual report of the integrity division available on ADB's website, and highlighted the success of the integrity team in receiving, prioritizing and responding to complaints of fraud or corruption in ADB-financed projects. In 2008, there were around 180 complaints, around 90 investigations opened, and a total of around 80 firms and individuals were declared ineligible to work on ADB projects for varying periods. These figures were in line with figures for recent years. Around half the complaints came from ADB staff working on project implementation, but the Auditor General also emphasized that valuable information was received from civil society, as well as contractors, consultants and ADB's own audits.

He raised two particular topical issues, First, ADB is currently preparing improvements to the existing whistleblower protection provisions, and he invited NGOs to review the draft recently posted on ADB's website. Secondly, he mentioned that ADB is looking into the current policy of not publishing the list of blacklisted firms and individuals.

The participants welcomed ADB's initiative to improve whistleblower protection. Several NGO representatives expressed interest in ADB's procedures for investigating allegations of fraud and corruption. Some supported the publication of ADB's blacklist, but others recognized the advantages of a quicker, less legalistic process that allowed for speedy conclusion of cases. One participant voiced concerns about the inadequacy of ADB's preparation and supervision of its investments in private equity funds. The Auditor General confirmed that, just like any aspect of ADB's operations, investments in private equity funds could in principle be subject to internal audit.