

2.2.5 [13] Financial Reporting and Controlling Arrangements

Financial control

Experienced finance staff and written internal policies and procedures will ensure robust financial control of the contract. The Finance Department is led by a Finance Director and assisted by a Deputy Finance Director, who oversee a team of senior finance officers who supervise a team of designated project budget managers and finance assistants. ARK's finance staff are experienced in managing donor funds, including for the governments of the UK, US and Denmark, as well as the EU. ARK has been independently audited on behalf of the US, UK and Canadian governments, as well as the EU, in the last twelve months. All members of the team hold formal accountancy and finance qualifications. All financial operations are underpinned by the ARK Financial Policies and Procedures manual which outlines essential elements of financial control such as segregation of duties and levels of authority for approvals. Each contract awarded to ARK is assigned to a designated senior finance officer and a dedicated budget manager. The budget manager is the daily financial focal point for the project delivery team, ensuring that all financial transactions are aligned with agreed project deliverables and timelines. In accordance with segregation of duties and internal controls, all project expenses require different levels of approval depending on the monetary value and type of expenditure. This ensures that all expenses charged to the donor are both allowable and allocable under the contract. In addition to this level of approval framework, corporate services departments (HCM and Logistics & Procurement) apply an additional level of internal control by supervising the procedures and documentation justifying expenses incurred within their departments. Further controls are also in place when funds are committed through non-competitive procedures such as sole source justifications, requiring the Internal Audit and Compliance Department to review the proposed expense prior to commitment of project funds.

There are established procedures for the processing of payments, by both cash and bank, ensuring that individuals involved in the procurement of goods and/or services are not also authorising invoices and initiating or authorising payments. Cash management is tightly controlled and monitored. The use of cash as a payment method is restricted to those transactions where there is no alternative payment method. When this method is used a strict approval procedure is followed. The cash custodian reconciles and reports the cash regularly to the Deputy Finance Director, and regular and ad hoc cash checks are conducted by members of the senior management team and internal audit. Bank reconciliations are conducted monthly against project expenditures. Project funds are always received to a designated bank account ensuring that the funds can be separately identified, monitored and reported at all times. Expenses incurred are also audited by the Internal Audit and Compliance Department to verify that they are compliant with the terms and conditions of the contract. This also ensures that expenses are monitored over time for value for money.

Reporting and invoicing arrangements

Based on the above financial controls, regular financial information is produced for management for internal and external reporting. Regular internal reporting ensures that project management is kept informed of project spend and can adjust implementation as required. Expenses are recorded, reconciled and verified by the accounting team. ARK employs a web-based accounting software (Acumatica) which is custom built to meet donor financial reporting requirements and IFRS rules and regulations. These reports are reviewed by the Budget Manager and Senior Finance Officer in coordination with the project management to ensure accuracy and compliance. These procedures are designed to identify any anticipated variances to project spend against the approved budget and are monitored regularly to ensure appropriate action can be taken in accordance with donor requirements. External financial reports issued to the donor are always verified by the Finance Director. Invoicing is based on monthly financial reports which have been approved and accepted by the donor or as otherwise agreed with the funding authority. The Finance Director will issue a formal invoice authorised by senior management. Once funds have been received, the Finance Director issues a confirmation to the donor.