

1.2.1 Commercial Supply Chains

Due Diligence: ARK's policies and procedures to manage due diligence, fraud and fiduciary risk follow HMG's Procurement Good Practice principles through adherence to competitive bidding procedures for transparency and value for money. Competitive quotes are sought, and depending on the value and complexity of the procurement activity, formal bid committees are held and technical and price evaluation conducted. As ARK places the highest priority on preventing unethical activity, all staff members sign a conflict of interest form, ensuring any potential conflicts are registered and measures taken to ensure that there are no negative implications for procurement. When programmatic necessities do not allow standard competitive procedures to be followed, a written sole source justification is submitted for approval which contains a justification for the procurement, the reason competition has been waived, evidence of due diligence, and documented evidence of the non-availability of alternatives. When a potential supplier or partner is identified, a due diligence request is sent to the Audit & Compliance Manager who screens the biographic and/or organisational details received against the Thomson-Reuters World Check database. This includes a wide range of offences including crimes related to terrorism, terror financing, bribery and fraud; covers individuals facing charges, but not yet convicted; and highlights politically exposed or high risk individuals and entities, their associates, partners, families and extended networks. Before any financial commitment can be made, the corporate services department must receive a copy of the due diligence clearance from the Audit & Compliance Manager.

Supplier and partner due diligence is also carried out from a programmatic perspective. Project staff contribute to the analysis of any potential recipient organisation by assessing their reputation, suitability and capacity to receive and derive value from the proposed support. This is done through networks on the ground, collecting grassroots information from partners and field teams on potential beneficiaries. This approach is especially important for non-registered civil society organisations and local suppliers, who would not necessarily feature on formal databases. Due diligence is maintained throughout the contractual relationship and is monitored by the Procurement Department and project team. Contracted deliverables are closely monitored as well as financial documents produced. Invoices, goods received notes and any other relevant reports are reviewed against quality and timeliness of deliverables before payments are made. All staff are trained on issues pertaining to fraud, waste and abuse. This includes a thorough induction to ARK's policy on fraud and bribery policy, gifts and hospitality as well as procedures relating to whistle blowing. ARK has successfully completed DFID's Due Diligence procedure.

Financial Integrity/Control: Project implementation will be overseen by ARK's Dubai Headquarters which enjoys a solid, audited financial and project delivery track record having programmed over £50m since 2010 for a range of governmental donors including the UK, US, Denmark, Japan, the Netherlands, Canada, the European Union and the UN. An experienced team of finance staff, led by the corporate Finance Director, ensure robust financial management of this project. This project will be assigned a dedicated budget manager, who will be the daily financial focal point for the project delivery team, ensuring that all financial transactions are aligned with agreed project deliverables and timelines. This ensures all expenses charged to the project are allowable, allocable and reasonable under the contract. As standard practice, expenditures go through a rigorous approval process with both project and finance management depending on the monetary threshold. In addition, corporate services departments, such as Human Resources (HR) and Logistics & Procurement (L&P), apply an additional level of internal controls, ensuring that the established processes and procedures are followed and the appropriate documentation is produced, justifying costs incurred under their respective departments. All partner groups will be required to submit invoices for the cost of all events and activities and payments will be made against actuals. Cost of staff time will be agreed in writing in advance, as will the number of days expected to be worked and any deviation from this will again be formally recorded and tracked against budget spend. All partner groups will be subject to the same due diligence criteria as the primary ARK project team and will be expected to obtain three quotes for all services and equipment. The Finance Department follows established procedures for the processing of payments, ensuring that individuals involved in the procurement do not also initiate or authorise payments. Cash management is tightly controlled, with cash payment restricted to those transactions where there is no alternative. Expenses are recorded, reconciled, and verified by the accounting team. ARK uses web-based accounting software custom built to meet donor financial reporting requirements and IFRS rules and regulations.