

This section takes a look at Albany's standard procedures, and then contrasts them with working in Syria. We take the following staged approach when undertaking due diligence of third parties:

1. *Scope of third parties* - The first step is to assess whether an entity falls within the scope of third parties that require due diligence and it is also necessary to ensure that consideration is made on how far down supply chain the due diligence applies. This will take the form of an initial screening of suppliers.
2. *Third-Party Risk Assessment* - Once an entity is identified as falling within the scope of being a third party, a 'Third-party risk assessment' is undertaken, which assesses the third party into high, medium or low risk third parties. This will determine the level of due diligence undertaken. The risk assessment takes the form of an internal check list which is first completed and the risk level assessed.
3. *Due Diligence* - Once the two steps alone are completed then due diligence is undertaken at the appointment level. This has three steps:
 - a) Data collection
 - b) Verification of validation of data
 - c) Evaluation of results, including identification of red flags.
4. *Approval Process and Post-Approval Risk Mitigation* - Once the above three processes are completed and decision is then made whether to go ahead with the transaction or relationship. The rationale behind the decision being clearly documented.

Managing finance and admin in Syria

Running the elements required to develop and manage a supply chain in Syria, including financial integrity, control and record keeping, is challenging, but manageable. Naturally, key to achieving outcomes is the movement of money, but from a control and integrity perspective, the paperwork / sub-contracts that support and guarantee it are all-important. Experience has shown that value for money is also possible, such as standard steps to take such as collecting three quotes before deciding upon which supplier to engage.

Due Diligence

A crucial early step in developing a supply chain involves due diligence, ascertaining if a particular supplier has a good reputation among other implementers or other customers, and whether it has any political associations which would run counter to the policy and spirit behind taxpayer funding. In many cases, pre-existing in-country relationships within the project team we are proposing will be useful. In some cases, we will simply insert ourselves, following the appropriate levels of due diligence, into existing supply chains. In other cases, bring new and fresh impetus to securing services and value for money from within Syria.

Exerting control through agreements

When securing services - whether individuals, or organisations - from within Syria, the balance of sub-agreement with each individual supplier is important to achieving the aims. Payment schedules - either time-bound or deliverable-bound - can be staggered so that full and final payment will be made upon successful and satisfactory delivery of whatever services are being sought. This includes the satisfactory supply of all the necessary documentation. In this way, financial control can be maintained. For moving money itself, systems of hawala are operational from Turkey to Syria and provide a good standard of

paper trail to the satisfaction of the funder. This can provide greater certainty to the movement of funds within Syria than cash carrying.

Record keeping in Syria

However, it is unrealistic to expect that each and every supplier will be familiar or even competent to comply with HMG financial recording keeping. In cases where a particular service is required from some individual or company where we suspect poor record keeping may become an issue, we will ensure that a team member carefully goes through the process with the supplier so that no gaps in the paper trail result. In terms of the records / receipts themselves: for reasons of security, we will not require that the name of any foreign organisation appear on the receipt or record, and we are content that the language can be entirely in Arabic.

When it comes to returning paperwork to the project administrators, in many cases suppliers have access to scanners, and in others, good clear photos of receipts can be taken and sent. It is also possible to accept – and has proven to work in Syria – photos of signatures on supplier agreement, and records of email trails indicating agreement are also possible. None of this supplants or is superior to tangible paperwork, which will be obtained wherever possible; however, we must work within the realities of what is a very challenging and dangerous place to conduct administration.

Experience from other theatres

Our experience in other challenging places, such as Iraq, Somalia, Libya or Darfur has given us keen insight. This experience gives us a clear understanding of the need to move money on a multi-currency basis while maintaining a clear and transparent paper trail at all stages, often in challenging and hostile environments. This requires a clear understanding of other factors such as money-laundering regulations, the holding of bank accounts overseas and bribery and corruption regulations. Specifically, we take note of HMG's regulations on fraud and fraud reporting, and we keep close eye on movements in Turkey's regulatory environment for this kind of work. In addition, Albany refers to and is guided by our Code of Conduct on Corruption and our Supplier Code of Conduct, which clearly set out roles and responsibilities in the relevant areas.

The appropriate levels of checks and balances are instituted by firstly ensuring that processes relating to financial transparency and other anti-corruption measures are in place. That involves establishing legitimacy of the processes, the individuals charged with handling the funds and their authorization procedures, the terms of reference, what the acceptable levels of transaction threshold are, what the audit trail should consist of and how regularly financial reporting takes place. There must also be clear guidelines on the outcomes associated with particular tranches of funds, so that the parameters of normal or expected outcomes can be monitored for usual or unusual activity. More broadly, regularity and plurality of oversight are important in creating the necessary checks and balances.

In general, receipts and supporting documentation will be required (such as approved cash requests, original receipts, approved vouchers, sales slips, cash register tickets, and invoices for purchases), regardless of amount. At least two people from Albany should be involved in the transaction to minimise opportunity for collusion, which includes the Financial Officer.