

Due Diligence and subcontracting: The consortium'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. When a programmatic need for a procurement activity is identified, the requirement is communicated by the project staff to the Procurement Department in the form of a written Statement of Work or Specifications document. This is supported by a formal Procurement Initiation request, signed off according to the internal financial and programmatic approvals thresholds. This ensures that the procurement request is allowable, allocable, and reasonable within the project scope and budget. Competitive bidding procedures are followed for all expenses, both project and corporate. The bid process comprises a technical and price evaluation, therefore both quality and price of goods and services procured is always considered. The bid evaluation committee members are carefully selected and, depending on the value and complexity of procurement, are drawn from both the project and corporate services departments. A representative of the Procurement Department is always present to oversee the evaluation process and to provide a challenge function. As ARK places the highest priority on preventing unethical activity, all staff members sign a conflict of interest form when joining the company, thereby ensuring that a potential conflict of interest is registered and measures are taken to ensure that this does not impact the procurement process. When programmatic necessities do not allow standard competitive procedures to be followed, a formal Sole Source Justification is submitted for approval which contains the justification for the procurement, reason competition must be waived, evidence of market and price due diligence carried out, and documented evidence of the non-availability of alternatives. When a potential supplier or partner is identified, a due diligence screening is carried out against the Thomson-Reuters World Check database. This database screens all major international and national lists published by governments and independent, non-government bodies, such as OFAC, EU, UN, US and HM Treasury. The database includes a wide range of offences including crimes related to terrorism, terror financing, bribery and fraud. It also covers individuals facing charges, but not yet convicted and also highlights politically exposed people, heightened risk individuals and entities, their associates, partners, families and extended networks. For this reason, when screening of a supplier or an organisation is requested, the principals or ownership of the entity is also always screened. Before any financial commitment can be made, the relevant corporate services department must receive a copy of the due diligence clearance. Supplier and partner due diligence is also carried out from a programmatic perspective. Project staff contribute to the analysis of any potential recipient organisation or beneficiary group 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 organisations and small 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 all financial documents produced. Invoices, goods received notes and any other relevant reports are reviewed against quality and timeliness of deliverables before payments are made.

Financial Integrity/Control: As the prime consortium partner, ARK will lead the financial management and oversight of this project across all partners. A dedicated in-country budget manager, supervised by the Dubai based Corporate Finance Director, will be the daily financial focal point for the project delivery team. The budget manager will ensure all financial transactions are aligned with agreed project deliverables and timelines, guaranteeing expenses charged to the project are allowable, allocable and reasonable under the project. As standard practice, expenditures go through a rigorous approval process with both project and finance management depending on the monetary threshold. ARK utilises a multilevel payment approval system whereby the Project Manager confirms the completed deliverables against the invoice, the Corporate Services Officer (HR or Procurement) then reviews and collates all contractual supporting documents and submits a formal payment request. The payment request is then subject to a compliance review by the head of the Corporate Services department, followed by a final approval by the Budget Manager for invoice details and budget allocation. Payments are made by the Finance Director only once all prior approvals have been registered on the payment request system. This multilevel approval across departments ensures a clear segregation of duties and

allows internal compliance with policies and procedures to be monitored continuously so anomalies can be flagged immediately.

As part of the supply chain management cash payments may be required. Due to the risks involved, strict procedures are in place for cash handling whereby the cash box custodian and cash payment approval responsibilities are fully segregated, with the full oversight of the Corporate Finance Office. Depending on the disbursement amount, up to three layers of approvals can be required. Cash payments are strictly limited to those transactions where there is no alternative. Therefore, the Finance Department works closely with the project team and Procurement Department to understand the complications faced by different partners or suppliers in receiving payments. These are addressed during the contracting phase so additional due diligence procedures and safeguards can be put into place before the work has commenced. If a third-party transfer or cash transaction is necessary due to the nature of the operating environment, the contracted party must appoint a trusted individual to receive the payment on their behalf. This can only be done through an authorisation letter which identifies the appointed individual by name, ID and contact details. The appointed individual is also always vetted against a copy of his/her ID through the standard due diligence procedures. A verification that the payment has been received by the end beneficiary is always carried out by the project team before any subsequent payments are made.

Financial integrity is further safeguarded through ARK's web-based accounting software custom built to meet donor financial reporting requirements and IFRS rules and regulations. The system allocates expenses by project code therefore giving full transparency over shared/split expenses between multiple project codes and entry modifications. The system does not allow entries to be deleted but shows an audit trail for reversed entries. The accounting system is companywide as all country offices are fully integrated into the same accounting system. This allows for different funding sources to be correctly managed and reported on. In addition, bank reconciliations are completed monthly for regular expense monitoring. This is under the responsibility of the Accounting Department, who are different finance staff from those involved in payment transactions, ensuring a further segregation of duties.

Prevention of fraud and reporting of potential fraud is recognised by the consortium as essential for safeguarding HMG funds. A comprehensive Whistleblowing policy is therefore in place which all staff are trained on as part of the induction process. This policy enables all staff to voice concerns of malpractice in a safe and confidential environment. In addition, the prime consortium partner has regular reporting on compliance issues to the senior management through fortnightly senior management team meetings. This forum will also allow the Project Director to raise any concerns observed or reported by the consortium partners. In addition, the Audit & Compliance Manager has a direct reporting line to the CEO. This covers reports on regular and ad hoc internal audits carried both on departmental and country office level. It should also be noted that the Dubai based Head Office maintains oversight across all of the country offices. Country offices do not have standalone policies or autonomy to deviate from standard operating procedures. Policies and procedures are implemented from the Head Office across the organisation in a consistent manner thereby eliminating potential weak links in the field. Above all, regular communication and continuous training will ensure both project staff and support functions have the necessary skills and knowledge to handle Client funds. A compliance workshop between the consortium partners will be chaired by the prime at the start of the project, where all policies and procedures will be reviewed and common standards agreed. ARK's Head of Corporate Services will be responsible for monitoring consortium partner compliance and ensure any gaps are addressed with additional training and oversight. The Head of Corporate Services will lead on compliance and quality control throughout project implementation, with the experience gained by successfully leading ARK through several donor audits including the Canadian Government, US Office of Inspector General and most recently DFID's Due Diligence Assessment.