

2.1.4 Please describe how you are able to create checks and balances for financial transparency and other anti-corruption measures.

1. InCoStrat bases its approach to financial risk management on three mutually reinforcing principles to reflect DFID's overarching approach: **understanding the financial risk environment; mitigating risks to the proper use of funds; and monitoring risks, performance and use of funds on an on-going basis.** The following internal measures are implemented to prevent bribery and to protect employees, as well as the organisation itself, in the event that an allegation of direct or indirect bribery or corruption is raised. These measures also mitigate the risk from financial impropriety.

- a) **Senior Management Commitment.** Our senior management establish a culture in which bribery is strictly prohibited and which requires employees and officers to adhere to high standards of integrity.
- b) **Risk Assessment.** We understand and assess the nature and extent of the risks relating to bribery to and include this in the overall risk register.
- c) **Establishment of a Control Environment.** Clear, practical and proportionate policies and procedures are implemented to mitigate the risks of bribery. These include procedures relating to due diligence when engaging third parties and the inclusion of anti-bribery representations and warranties in contracts with third parties, where appropriate; due diligence in relation to corruption risks in projects with local staff and consultants and other transactions that are potentially higher risk; gifts and entertainment; charitable and political donations, hiring and internship practices; and whistleblowing.
- d) **Monitoring and Review.** InCoStrat has a mechanism to ensure compliance with key policies and procedures and implement improvements where appropriate.

2. Several of our directors have been projecting managing a **Conflict Pool funded communication project** with the moderate armed opposition as well as managing other **UK and US government projects in conflict affected states.** We demonstrate below how we have applied our approach to a project that has a complicated and potentially high financial risk due to the interaction and funding of networks inside Syria.

Case Study: The Moderate Armed Opposition Media Office

a. Understanding the financial risk environment.

- 1) **Stringer networks:** the media office relies on reporting networks from inside Syria for content. Stringer networks are managed by local staff.
- 2) **Local staff:** we commit to employing local staff where possible in operational, technical and administrative capacities.
- 3) **Forward-based operations:** our operations are located forward.
- 4) **Equipment Purchases:** the media office routinely invests in technical equipment to support and improve its capability.

b. Mitigating risks to the proper use of funds.

- 1) **Stringer networks:** payments are recorded and checked by project managers. We maintain a record of product for each stringer and payments are made in retrospect.
- 2) **Local staff:** we employ a local accountant, managed and overseen by an international project manager. Key members of staff undergo anti-bribery and anti-corruption training.
- 3) **Forward-based operations:** all budgets are open and all receipted. We are subject to monthly audit via the UK-based company as required by its accountants and are available for audit by the FCO.
- 4) **Equipment purchases:** via tender (3 offers where possible). We look for best value for money available locally as import duties into Jordan and Turkey are prohibitively expensive. We employ local Turkish staff to help identify the best value for money.

c. Monitoring risks, performance and use of funds on an on-going basis.

- 1) **Stringer networks:** we monitor and evaluate output and payments across our networks on an ongoing basis to improve our operational delivery and to ensure funds are being used effectively.
- 2) **Local staff:** our teams of local staff are overseen by project managers, who evaluate performance and ensure the proper allocation of effort.
- 3) **Forward-based operations:** our local accounting practices and expenditure are audited monthly.
- 4) **Equipment purchases:** each major purchase is supported by a business case to ensure it is necessary and proportionate to the operational requirement.