The Ethical Procurement Policy

We insist on ethical standards from our suppliers, and in turn we must exhibit the highest ethical standards ourselves. We must not only be fair and above board in our dealings, but avoid any conduct which is capable of having an adverse interpretation put on it. It is the duty of all employees, but particularly those involved in the procurement process, to maintain and be seen to maintain this unimpeachable standard of integrity in all business relationships, both internally and externally, and firmly to reject those practices which might reasonably be deemed improper so ensuring that both employees and the FSA are trusted and respected by all for not only carrying out its business efficiently but in a fair and reasonable manner and with integrity.

The guiding principles of ethical behaviour in procurement are:

- that the conduct of staff should not foster the suspicion of any conflict between their official duty and their private interest;

- that the action of staff should not give the impression to any member of the public, to any organisation with whom they deal or to their colleagues that they have been or may have been influenced by a gift or a consideration to show favour or disfavour to any person or organisation;

- that dealings with suppliers/contractors must at all times be honest, fair and even-handed, in line with the requirements placed upon us by the Public Procurement Regulations 2006; and

- that ethical behaviour must be promoted and supported by appropriate systems and procedures.

Fortunately, corruption is rare in this country’s commercial environment but it is present. Any improper approaches whether in the form of inducements or threats, must be reported. All FSA procurement employees when undertaking any purchasing activity should follow the principles set out in the Professional Code of Ethics of the Chartered Institute of Purchasing & Supply (given as an Appendix to this Policy).

Employees are also required to comply with the FSA’s Code of Conduct, which sets out standards of behaviour and rules of conduct to ensure integrity is maintained. The Code of Conduct is attached as Appendix Two. The paragraphs included outline the code of conduct with regards to gifts and hospitality.
Appendix One

The Chartered Institute of Purchasing and Supply Professional Code of Ethics

1. Members of our Institute undertake to work to exceed the expectations of the following Code and will regard the Code as the basis of best conduct in the Purchasing and Supply profession.

2. Members should seek the commitment of their employer to the Code and seek to achieve widespread acceptance of it amongst their fellow employees.

3. Members should raise any matter of concern of an ethical nature with their immediate supervisor or another senior colleague if appropriate, irrespective of whether it is explicitly addressed in the Code.

Key principles

4. Members shall always seek to uphold and enhance the standing of the Purchasing and Supply profession and will always act professionally and selflessly by:

• Maintaining the highest possible standard of integrity in all business relationships, both inside and outside the organisations where they work.

• Rejecting any business practice which might reasonably be deemed improper and never using their authority for personal gain.

• Enhancing the proficiency and stature of the profession by acquiring and maintaining current technical knowledge and the highest standards of ethical behaviour.

• Fostering the highest possible standards of professional competence amongst those for whom they are responsible.

• Optimising the use of resources which they are responsible or influence to provide the maximum benefit to their employing organisation.

• Complying both with the letter and the spirit of: - The law of the country in which they practise. - Institute guidance on professional practice. - Contractual obligations.

5. Members should never allow themselves to be deflected from these principles.

Guidance

6. In applying these principles, members should follow the guidance set out below:

• Declaration of interest - any personal interest which may affect or be seen by others to affect a member's impartiality in any matter relevant to his or her duties should be declared.

• Confidentiality and accuracy of information - the confidentiality of information received in the course of duty should be respected and should never be used for personal gain. Information given in the course of duty should be honest and clear.

• Competition - the nature and length of contracts and business relationships with suppliers can vary according to circumstances. These should always be constructed to ensure deliverables and benefits. Arrangements which might in the long term prevent the effective operation of fair competition should be avoided.

• Business gifts - business gifts, other than items of very small intrinsic value such as business diaries or calendars, should not be accepted.

• Hospitality - the recipient should not allow him or herself to be influenced or be perceived by others to have been influenced in making a business decision as a consequence of accepting hospitality. The
frequency and scale of hospitality accepted should be managed openly and with care and should not be greater than the member’s employer is able to receipt

**Decisions and advice** 7. When it is not easy to decide between what is and is not acceptable, advice should be sought from the member’s supervisor, another senior colleague or the Institute as appropriate. Advice on any aspect of the Code is available from the Institute.

*This Code was approved by the Council of CIPS on 16 October 1999*

**APPENDIX TWO:**

6.1 Staff are likely to be offered gifts and hospitality during the course of their dealings with Relevant Organisations and professional advisers. We want you to know the industries and other stakeholders with whom you deal and, therefore, encourage networking that improves contact. We must also ensure that at all times we operate in a way that is publicly defensible. This is a difficult area and the standards expected of public agencies, such as regulators, are changing. You must at all times be cautious about accepting gifts and hospitality that could give grounds for suggestions of undue influence. This policy offers you guidance; it does not attempt to cover every situation and must be interpreted in the particular circumstances of each case. It recognises that the best defence against abuse is awareness and common sense, and the best defence against unfair criticism is the ability to demonstrate that the possibility of conflicts of interest was properly considered at the time.

**Gifts**

6.2 You should not, as a general rule, accept gifts except of a token kind, i.e. where the value is estimated to be less than £25. Where a gift arrives unexpectedly and its value is estimated at more than £25, but it would be impractical or offensive to return it, you should declare it in writing to your Head of Department, or appropriate line management, and give it to the Ethics Officer, who will make suitable arrangements for its use within the FSA or for charitable purposes or disposal. Heads of Departments should make such declarations to their Director and Directors to their Managing Director. Managing Directors and the CEO should make declarations to the Chairman and the Chairman to the CEO.

6.3 It is not FSA policy to charge a fee for providing a speaker at a dinner or conference. However, if a monetary fee of up to £100 is forthcoming unsolicited, this should be donated to a charity of the speaker’s choice, with the usual declaration to your line manager. Anything in excess of this should not be accepted. Payments in kind (for example, cases or bottles of wine) up to a value of £60 can be kept by the speaker for use within the department; those valued at more than £60 should be surrendered to the Ethics Officer as set out above.

**Hospitality**

6.4 Interaction with regulated firms, professional advisers and other interested parties is an important part of the FSA’s work and is to be encouraged. Hospitality may be offered as part of that interaction and would therefore be acceptable. It is important, however, that the organisation can defend itself against any possible suggestions of undue influence and can reply to any
requests for information under the Freedom of Information Act. This policy applies only to hospitality offered to you in your role as an employee of the FSA and NOT to hospitality offered to you on a personal basis unconnected with your employment.

6.4a Whether it is appropriate to accept specific hospitality will be a matter of judgement but, as a general rule, the following policy applies and no further authority is required:

6.4b Accepting exclusive or expensive hospitality could easily be misinterpreted by the press or others. It is therefore not usually appropriate to accept such an invitation except, perhaps, where it would increase your effectiveness in your role or otherwise further the FSA’s interests. There is no comprehensive definition of what constitutes exclusive or expensive hospitality, but it would include invitations to major sporting or cultural events, particularly if only a small number of people have been invited to attend. Directors may authorise acceptance of exclusive or expensive hospitality if, in their judgement having considered all the relevant factors, they consider it appropriate. (For Directors, authority should be given by their line manager).

<table>
<thead>
<tr>
<th>Type of hospitality Venue</th>
<th>Permissible</th>
<th>Recordable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working breakfast or Lunch</td>
<td>√</td>
<td>X</td>
</tr>
<tr>
<td>FSA's premises or any third party's office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working breakfast or lunch Restaurant or other venue away from office premises</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Drinks reception or similar networking opportunity Any venue either at or away from office premises</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Any evening meal Any venue either at or away from office premises</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

**Overseas Visits**

6.5 This guidance may need to be modified when making overseas visits for
business purposes. The circumstances of the trip could result in you being offered hospitality which, in normal circumstances, would be viewed as exclusive or expensive (see 6.4 above). However, it may be appropriate for you to accept hospitality from the host which, of course, would be recordable (see 6.4a above). Local customs may demand you receive and/or make gifts. If you expect to find yourself in a special situation and do not know the area, take appropriate advice, agree a policy with your line manager and document it in the divisional records.

**Overnight visits**

6.6 If you are asked to give a speech at an event it is essential that you consider whether it is appropriate for you to do so. This must be done in consultation with the Strategic Communications Team who will ensure that the invitation complies with the speaking engagement policy. If it is appropriate for you to accept the invitation to speak, and your line manager approves you doing so, then it is acceptable for a third party to meet some or all of your travel and/or accommodation costs should they offer to do so. This applies whether or not you would normally be attending the event as a delegate anyway. The position in respect of food is as in the table in 6.4a above.

**Recording hospitality**

6.7 It is the responsibility of each director to ensure that a record is kept of hospitality given or received by members of their staff and to be able to confirm to the Ethics Officer each year that the FSA’s hospitality policy, as set out above, has been complied with in their division. The reason for acceptance of any exclusive or expensive hospitality should be recorded in the divisional records. Although responsibility for these decisions lies with the relevant Director, the Ethics Officer is available to advise on the appropriateness of accepting a particular invitation.