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Organisation Ethics Policy

Policy Aim: This policy sets out horsescotland's approach to prevent fraud, bribery and corruption in our organisation and to comply with relevant legislation and sportscotland's requirements

Effective Date: 1 September 2019

Statement of Intent from horsescotland Chair

I am responsible for ensuring that **horsescotland** handles its resources and conducts business with regularity and propriety. In line with this responsibility I aim to establish, communicate and maintain within horsescotland a culture of responsibility and compliance on anti-fraud, anti-bribery and anti-corruption affecting horsescotland organisational activities and minimise the risk of fraud, bribery and corruption.

What are corruption, bribery and fraud?

Corruption- can be defined as the abuse of power by an official (or any employee entrusted to carry out the functions of government, including contractors) for personal gain.

Bribery - horsescotland is subject to the Bribery Act 2010. Under the Act, it is illegal:

- to pay or offer to pay a bribe;
- to receive or agree to receive a bribe;
- to bribe any public official
- to fail to have adequate procedures in place to prevent bribery.

A bribe includes financial or other advantage such as gifts and hospitality, meals, entertainment or anything else of value or other advantage. An offence under the Bribery Act carries criminal penalties for individuals and organisations. For individuals, a maximum prison sentence of ten years and/or an unlimited fine can be imposed. It does not matter whether the act is done directly or indirectly or whether the bribery occurs in the UK or abroad.

Fraud- is a wrongful or criminal deception intending to result in personal or financial gain. Horsescotland is subject to the Fraud Act 2006 which creates a general offence of fraud and introduces three ways of committing it, namely.

- Fraud by false representation;
- Fraud by failure to disclose information when there is a legal duty to do so;
- Fraud by abuse of position.

In each case:

- the persons conduct must be dishonest;
- his/her intention must be to make a gain; or cause a loss or the risk of a loss to another.
- No gain or loss needs actually to have been made.
- The maximum sentence is 10 years' imprisonment.

Where the "person" in breach of the Act is a legal person (that is, a body corporate), those involved in its management who have consented to or connived in the offence are also guilty of the offence.

Who can be involved in fraud, bribery and corruption and in what circumstances?

Fraud, bribery and corruption may be committed by anyone including any of our staff or Board members. This is in addition to external parties such as our suppliers / contractors, agents authorised to act on our behalf (i.e. lawyers, accountants etc.) and bodies we fund i.e. member of the performance programme who for example, may seek to induce staff to adopt a more favourable position in key decision making processes.

Zero tolerance of fraud, bribery and corruption

Our position is simple: we conduct our business to the highest legal and ethical standards. We operate with honesty, impartiality and objectivity.

We are committed to protecting public resources, revenue, assets and information from any attempt by anyone to gain any benefit by fraud, bribery and corruption. We will thoroughly investigate any report of fraud, bribery and corruption. All decision making at horsescotland adheres strictly to the principles of fairness, openness, equal treatment and non-discrimination. We will not be a party to bribery or corruption in any form and maintain a zero-tolerance approach to fraud, bribery and corruption by our Board, staff and expect the same of our external partners or any third party representatives.

What are indicators of fraud, bribery and corruption?

Common indicators (albeit that some in isolation are not harmful) of fraud, corruption and bribery include those listed below. This is not an exhaustive list:

Payments

- for abnormal amounts
- made in an unusual way, (e.g. what would normally be a single payment is made in stages, through a bank account never previously used)
- excessive variations in budgets or contracts;
- pressure to make payments urgently or ahead of schedule.

Process

- bypassing normal procurement, commercial or investment procedures;
- defining needs in contracts which can only be met by specific contractors, regular appointment of a single supplier and / or vague specifications;
- those whose job is to monitor commercial processes, non-declaration of gifts and hospitality (e.g. a person or team specific to the organisation, e.g. Internal Audit) may be prevented from or hindered in doing so;
- Failure to declare conflicts of interest;
- Private meetings with contractors or recipients of investments.

Individuals

- unusual behaviour;
- are secretive about certain matters or relationships
- suppliers or grant recipients insist on dealing with individuals personally;
- receiving gifts and hospitality of relatively 'low' values frequently over business critical periods of time;
- may make trips at short notice without explanation;
- an unexpected change in lifestyle;
- never takes time off even if ill, or holidays;
- lavish gifts and hospitality being given or received.

Decisions

- are taken for which there is no clear rationale;
- unexpected or illogical in accepting tenders or investments which are not favourable to the organisation;
- line managers bypassing subordinates, subordinates bypassing line managers;
- lack of senior management oversight;
- abusing decision processes or delegated powers in specific cases.

Records

- key documents are incomplete or missing (i.e. invoices, contract, grant agreements);
- key documents are photocopied or scanned (e.g. original documents not located).

Risk assessment

Risk in our business will vary, horsescotland reviews its risk register at each Board meeting and should review its assessment of the risks of fraud, bribery and corruption and, with the approval of the Board should put in place any measures additional to those outlined in this policy they consider are required.

Records.

It is essential that we keep full and accurate records of all our financial dealings. Transparency is vital. False or misleading records could be very damaging to us. Under money laundering regulations, our auditors, bankers, lawyers and accountants are obliged to report anything which appears to be irregular.

Monitoring

The Board Directors responsible for Finance, HR and Legal will monitor this policy regularly to make sure it is being adhered to. Internal Audit's role is to consider the risks of fraud, bribery and corruption and provide assurance on the measures adopted within our policies to prevent and manage fraud, bribery and corruption. In doing this, they act in the interest of our organisation as a whole, and it is therefore the responsibility of all of us to help them in this.

Responsibility of staff

Every member of staff at horsescotland is responsible for full compliance with this policy in accordance with their contract of employment.

Reporting breaches

What to do if you think something is wrong

Everybody has a responsibility to speak out if we discover anything corrupt or otherwise improper occurring in relation to our organisation. We cannot maintain our integrity unless we do that.

If you discover or suspect fraud, bribery and/or corruption, whether internally or with one of our external partners please report it to the Board Director- Legal as soon as possible. If for any reason you cannot do this, please report it via the process set out in the Whistleblowing Policy. Matters will be handled confidentially. We will investigate all allegations of fraud, bribery and corruption immediately and, if necessary, report the incident of bribery to the prosecution authorities. During our investigations, the whistleblower will be kept informed of

progress. However, it may not be possible, due to the confidential nature, to provide specific details of the investigation or actions taken.

Staff who raise concerns or report any wrongdoing or refuse to accept or offer a bribe may be worried about repercussions. horsescotland will fully support anyone who raises concerns in good faith under this policy even if they turn out to be mistaken.

Conclusion

Our reputation comes from the way we act. Anyone who is guilty of fraud, bribery or corruption in any form will be subject to disciplinary action, which may result in suspension and/or termination of their employment or Board Directorship.

Appendix 1 - Areas of specific risk

Certain areas of the organisation may be at higher risk than others. These include:

Activities arising from horsescotland's business

Because of the nature of horsescotland's work, members of staff through their functions have legitimate reasons to attend sport events. Likewise because of the connections within the sports industry, staff may be invited to events. Overtime there remains a risk this could influence decision making or be perceived as so and may compromise staff in their role. Although individual invitations may, depending on the circumstances, be acceptable, it would not be acceptable for such invitations to be extended to friends and family without prior approval of the Board.

Acting outside of delegated authority limits by budget holders

Horsescotland has an internal control on who and at what level decisions are to be taken for the expenditure of monies and where these are not adhered to by budget holders, it presents a risk to horsescotland. A further risk is for low value spend where, under the Delegated Authority Policy, there are sole approvers (e.g. spend of £300 or less can be awarded directly without any competition provided there is value for money).

Member Body Financial Support

These activities present opportunities to those who would like to benefit from horsescotland's member support programme wishing to obtain an advantage in the process of applying for money. Our member body application process must be followed and all board directors and, staff should not accept any offers of gifts, hospitality or expenses during such applications.

Commercial partnerships

Horsescotland may have limited commercial activities however we need to be aware of any third-party representatives acting on behalf of horsescotland. The use of agents could increase the risk of facilitation payments being made or gifts, hospitality and expenses to be used by such representatives to gain a business advantage for horsescotland and securing their own financial gain. Anyone who deals with agents who act on our behalf must familiarise themselves with this policy and adhere to it and specific contract conditions will need to be inserted into the agreement. All contracts appointing agents to act on behalf of horsescotland must be reviewed by the Director-Legal.

Sports Betting

Legal and illegal betting on sports poses a risk to the integrity of sport through corrupt betting and associated activity. With smart phones, tablet devices, access to the internet and online gambling sites etc. makes it easier to place bets on the outcome or on certain aspect(s) of sports. There is a potential that horsescotland may be in a position of influence and privy to information that could be used for private gain particularly through betting. This applies to Board Directors and staff. Sports betting activity has increased across all sports and disciplines. It is essential that such activity does not take place in a manner which has the potential to compromise the authenticity of sporting conduct and endeavour and the irregularity of results.

If you are “Directly Involved” (“Directly Involved” means working with a funded or supported sport as a representative of horsescotland) with a sport you cannot:

- bet on the sport, anywhere in the world;
- ask someone to bet on your behalf on the sport anywhere in the world;
- share any “Inside Information” with anyone including but not limited to your partner, civil partner, spouse, cohabitee or dependent children which could enable them to gain an advantage through corrupt betting activity (See section 4 below (Inside Information) for further information);
- become involved in any other activity associated with corrupt betting which could reasonably be deemed as suspicious and detrimental to the image and reputation of horsescotland and the sport.

The following acts are also prohibited:

- fixing a match or attempting to fix a match;
- benefiting from a participant failing to perform;
- soliciting, inducing, encouraging, offering a bribe (or attempting to) any other party to do any of the above offences;
- receiving, seeking a bribe (or attempting to) in order to fix a match or attempt to fix a match;

- destruction of evidence in relation to a potential breach; and
- failing to report suspicions or approaches or disclosure of information.

Criminal offence of cheating - section 42 of the Gambling Act 2005

Section 42 of The Gambling Act 2005 created an offence of “cheating at gambling” which would include cheating in sports influenced by betting involvement. This may result in the imposition of severe penalties (fines and jail) for individuals. We may refer any matter to the Gambling Commission for consideration of an investigation for the criminal offence of cheating at gambling.

“Inside Information”

The sharing of “Inside Information” by anyone captured by this policy is specifically prohibited by horsescotland.

- “Inside Information” means any information, which is not Publically Known that would materially affect peoples’ expectations relating to the participation in, or the likely or actual outcome of a sporting competition or event. Such information includes, but is not limited to, factual information regarding the competitors, the conditions, tactical considerations, injuries, or any other aspect of the sporting competition or event.
- “Publically Known” means any information that is already published as a matter of public record, able to be readily acquired by an interested member of the public, or disclosed according to the rules and regulations governing the relevant sporting competition or event. It is your responsibility to determine whether information which you have access to falls under the definition of “Inside information”. You are advised to err on the side of caution. You should also seek advice from the Director-Legal.

Gifts and hospitality

This is covered separately in the Code of Conduct. Please familiarise yourself with this.

Facilitation payments

These are also known as 'grease' payments. Usually they are small amounts paid to Directors or staff to provide goods or services to which we are already entitled, e.g. speeding up the grant of a licence or permit or delivering goods which we have ordered and paid for. In some cases they may be larger, e.g. a significant amount is demanded to complete a project.

Facilitation payments are common in many countries, particularly those where officials are poorly paid. You may be told that this is normal practice and that we will be disadvantaged unless we do the same. However, such payments are illegal under the Bribery Act 2010 and may be illegal in the country that is being visited. In a sporting context this could occur when

attending major international competitions, sport congresses, conferences and other events. The scope of officials this could extend to is quite wide: local authority, regulatory, law enforcement, border, international federations and games officials. Whatever the size of the facilitation payment, we do not offer or pay them.

Political contributions

You should be aware that such contributions can be (or be seen as) bribes in disguise. We are forbidden from making donations to political parties. Whilst Board Directors and staff may, of course, make political donations in a personal capacity please be sensitive to how such contributions could be perceived, especially by those who are aware of your connection with horsescotland

Charitable donations

Bribes may even be disguised as charitable donations. No individual is to make a donation stated to be, or which could be taken to be, on our behalf without the prior approval of the Board. Again, for that reason, donations we make are approved by within delegated authority limits and if required by resolution of the Board and recorded. Whilst individuals may of course make personal donations to charity, they should not do so on behalf of horsescotland without prior approval of the Board