



Crime and Corruption Commission  

---

QUEENSLAND

December 2016

# Fraud prevention or fraud risk?

A report on an investigation into the  
Queensland Police Service's Project Synergy





# **Fraud prevention or fraud risk?**

A report on an investigation into the  
Queensland Police Service's Project Synergy

---

© The State of Queensland (Crime and Corruption Commission) (CCC) 2016

You must keep intact the copyright notice and attribute the State of Queensland, Crime and Corruption Commission as the source of the publication.

The Queensland Government supports and encourages the dissemination and exchange of its information. The copyright in this publication is licensed under a Creative Commons Attribution (BY) 4.0 Australia licence. To view this licence visit <http://creativecommons.org/licenses/by/4.0/>.



Under this licence you are free, without having to seek permission from the CCC, to use this publication in accordance with the licence terms. For permissions beyond the scope of this licence contact: [mailbox@ccc.qld.gov.au](mailto:mailbox@ccc.qld.gov.au)

***Disclaimer of Liability***

While every effort is made to ensure that accurate information is disseminated through this medium, the Crime and Corruption Commission makes no representation about the content and suitability of this information for any purpose. The information provided is only intended to increase awareness and provide general information on the topic. It does not constitute legal advice. The Crime and Corruption Commission does not accept responsibility for any actions undertaken based on the information contained herein.

ISBN 978-1-876986-83-4

---

**Crime and Corruption Commission**

GPO Box 3123, Brisbane QLD 4001

Level 2, North Tower Green Square

515 St Pauls Terrace

Fortitude Valley QLD 4006

Phone: 07 3360 6060

(toll-free outside Brisbane: 1800 061 611)

Fax: 07 3360 6333

Email: [mailbox@ccc.qld.gov.au](mailto:mailbox@ccc.qld.gov.au)

Note: This publication is accessible through the CCC website <[www.ccc.qld.gov.au](http://www.ccc.qld.gov.au)>.

GPO Box 3123  
Brisbane QLD 4001

Level 2  
North Tower Green Square  
515 St Pauls Terrace  
Fortitude Valley QLD 4006

Tel.: 07 3360 6060  
Toll-free: 1800 061 611  
(in Queensland outside  
Brisbane)

Fax: 07 3360 6333

mailbox@ccc.qld.gov.au  
www.ccc.qld.gov.au

ABN 32 164 714 360



**Crime and Corruption  
Commission**

**QUEENSLAND**

December 2016

The Honourable Peter Wellington MP  
Speaker of the Legislative Assembly  
Parliament House  
George Street  
BRISBANE QLD 4000

Dear Mr Speaker

In accordance with Section 69(1)(b) of the *Crime and Corruption Act 2001*, the Crime and Corruption Commission hereby furnishes to you its report — *Fraud prevention or fraud risk? A report on an investigation into the Queensland Police Service's Project Synergy*.

The Chairperson has adopted this report.

Yours sincerely

**A J MacSporran QC**  
Chairperson



# CONTENTS

---

- ABBREVIATIONS .....vi**
- THE ROLE OF THE CCC ..... 1**
- SUMMARY OF INVESTIGATION ..... 3**
- PROJECT SYNERGY ..... 7**
- CASE STUDY— 2014 FRAUD AND CYBER CRIME SYMPOSIUM ..... 10**
- DISCUSSION ..... 13**
  - SPONSORSHIP ..... 13
  - FINANCIAL MANAGEMENT ..... 16
  - HOSPITALITY ..... 19
  - QPS RESPONSE ..... 20
  - PROCEDURAL RECOMMENDATIONS ..... 21
- CONCLUSION ..... 23**

## ABBREVIATIONS

---

CCC	Crime and Corruption Commission
DPC	Department of the Premier and Cabinet
ESC	Ethical Standards Command (Queensland Police Service)
FCCG	Fraud and Cyber Crime Group (Queensland Police Service)
FMPM	Financial Management Practice Manual
GST	Goods and Services Tax
MAC	Matters Assessed Committee (Crime and Corruption Commission)
PIIAST	Practical Investigative Interviewing and Statement Taking course
PSBA	Public Safety Business Agency
PSC	Public Service Commission
QAO	Queensland Audit Office
QPS	Queensland Police Service
SAP	Systems, Applications and Products (Queensland Police Service accounting system)
SCC	State Crime Command (Queensland Police Service)
UPA	Unit of public administration

# THE ROLE OF THE CCC

---

Under the *Crime and Corruption Act 2001* (the CC Act), the Crime and Corruption Commission (CCC) has primary responsibility for continuously improving the integrity of and reducing the incidence of corruption in the public sector.<sup>1</sup>

## Corruption

Corruption is defined in the CC Act as corrupt conduct or police misconduct.<sup>2</sup> Under the CC Act, corrupt conduct is defined as conduct of a person that:

- adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of—
  - a unit of public administration<sup>3</sup> (UPA); or
  - a person holding an appointment in a UPA; and
- results, or could result, directly or indirectly, in the performance of functions or the exercise of powers mentioned in the above dot point in a way that—
  - is not honest or is not impartial; or
  - involves a breach of the trust placed in a person holding an appointment, either knowingly or recklessly; or
  - involves a misuse of information or material acquired in or in connection with the performance of functions or the exercise of powers of a person holding an appointment; and
- is engaged in for the purpose of providing a benefit to the person or another person or causing a detriment to another person; and
- would, if proved, be a criminal offence; or a dismissible disciplinary breach.<sup>4</sup>

Police misconduct is defined in the CC Act as conduct, other than corrupt conduct, of a police officer that:

- is disgraceful, improper or unbecoming a police officer; or
- shows unfitness to be or continue as a police officer; or
- does not meet the standard of conduct the community reasonably expects of a police officer.<sup>5</sup>

Police officers are subject to the provisions under the CC Act regarding both ‘corrupt conduct’ and the broader jurisdiction of ‘police misconduct’.

## Principles underlying CCC corruption function

Section 34 of the CC Act requires the CCC to exercise its corruption function according to four principles, as follows:

- cooperation – the CCC and UPAs should work cooperatively to deal with corruption
- capacity building – the CCC has a lead role in building the capacity of UPAs to prevent and deal with corruption effectively and appropriately

---

1 Section 4 CC Act

2 Schedule 2 CC Act

3 As defined in section 20 CC Act

4 Section 15 CC Act

5 Schedule 2 CC Act

- devolution – subject to the other principles, action to deal with corruption in a UPA should generally happen within the UPA
- public interest – the CCC has an overriding responsibility to promote public confidence in the way UPAs deal with corruption.

### How the CCC deals with complaints

When the CCC receives information that it assesses as suspected corrupt conduct, the Commission deals with a complaint about, or information or matter involving corruption by:

- expeditiously assessing each complaint about corruption made or notified to it, or otherwise coming to its attention, and
- taking the action the commission considers most appropriate in the circumstances having regard to the principles set out in section 34.<sup>6</sup>

The CCC may deal with a complaint by:

- referring the matter to a UPA to deal with, subject to some level of monitoring by the CCC
- investigating the complaint itself
- investigating the complaint in cooperation with a UPA
- referring possible criminal activity to the QPS
- taking no further action.<sup>7</sup>

When the CCC refers a complaint to a UPA to deal with, it can monitor the way a matter is dealt with. The CCC's monitoring may take the form of:

- *Referred no further action:* This level of monitoring is applied when the complaint does not require review by the CCC due to the apparent low level nature of the alleged corrupt conduct.
- *Audit:* The CCC maintains an audit program that undertakes regular audits of all UPAs and the systems and practices in place for dealing with corrupt conduct.
- *Merit and compliance review:* This type of review may be used where the CCC has decided not to deal with the matter itself (although the alleged conduct is serious or involves systemic corruption) and the type of conduct alleged is of particular concern or interest to the CCC.
- *Public interest review:* The CCC may consider a matter involving serious or systemic corruption should be dealt with by the UPA in the first instance, but that it is in the public interest for the CCC to closely monitor how the UPA deals with the matter and consider assuming responsibility for the investigation. The CCC will require the UPA to comply with strict reporting obligations and will monitor the progress of the investigation to ensure the UPA is dealing with the case in a way that promotes public confidence.

As with all corrupt conduct matters referred to a UPA to deal with, the CCC maintains its right to assume responsibility for matters or assign a closer level of monitoring if it becomes aware that the relevant conduct may be more serious or systemic than originally thought.

---

<sup>6</sup> Section 46(1) CC Act

<sup>7</sup> Section 46(2) CC Act

# SUMMARY OF INVESTIGATION

---

On 6 February 2015, the CCC received information raising multiple allegations about the management and operation of Project Synergy, a fraud prevention project run by the Fraud and Cyber Crime Group (FCCG), QPS. The FCCG is a specialist investigative unit attached to the State Crime Command of QPS. There was alleged to be widespread misuse of funds obtained and expended through Project Synergy, misuse of QPS time and resources to conduct charity events, misuse of corporate credit cards for personal benefit, inappropriate travel practices and a failure to audit Project Synergy. The CCC identified 17 allegations of corrupt conduct and police misconduct in relation to four FCCG officers.

After conducting some preliminary inquiries to inform our assessment of the matter, the CCC's Matters Assessed Committee (MAC) decided to refer the matter to the QPS to deal with as a public interest review. This was due to the potential public interest in the matter, the serious nature of the allegations and the seniority of the subject officers. At this stage, the CCC was not aware of the extent of the alleged conduct and whether it involved serious or systemic conduct. The CCC considered the matter was appropriate for the QPS to deal with in the first instance, but that it was in the public interest for the CCC to closely monitor how it was being dealt with and to consider assuming responsibility for the matter.

The QPS Ethical Standards Command (ESC) conducted some inquiries and provided the CCC with a report on 5 May 2015. The ESC found none of the allegations could be substantiated and recommended the matter be finalised with no further action.

The CCC accepted the findings in relation to 12 allegations but did not accept the findings in relation to the remaining five. On 15 May 2015, the CCC asked the ESC to complete a number of further tasks and conduct some specific inquiries in relation to the remaining five allegations. This request included an audit of the Project Synergy cost centre<sup>8</sup> and corporate credit card expenditure.

As a result of the CCC's request, the ESC asked the Public Safety Business Agency (PSBA) to undertake an audit of Project Synergy. PSBA, QPS and the CCC discussed and agreed upon the scope of the review. The PSBA draft audit report was received by the CCC on 15 July 2015.

In general terms, the PSBA review confirmed there was a general lack of governance and poor financial transparency over Project Synergy activities. Some internal controls governing the operation of the Project were found to be weak and there were issues with corporate card expenditure within the broader FCCG. The overall level of control weakness was assessed as 'High – requires immediate management action'.

After considering the PSBA report and the nature and seriousness of the matter, on 17 July 2015 the CCC decided to assume responsibility for the investigation of the remaining five allegations pursuant to section 48(1)(d) of the CC Act. The CCC considered it was in the public interest for it to conduct an independent investigation because:

- Project Synergy had been represented nationally as an example of how 'best practice' in fraud prevention and investigation was instituted in Queensland to prevent and reduce fraud

---

<sup>8</sup> Cost centres and their related codes provide a way to assign resources to particular programs and activities, and to monitor and manage the associated expenditures.

- the activities conducted by Project Synergy were unusual and involved the use of funds obtained by QPS through sponsorship
- at this time, the CCC was not aware whether the alleged conduct was widespread and could have involved serious and systemic conduct, and could have implications across the whole of the public sector.

The CCC investigated the following allegations:

- Allegation 1: Inappropriate use of QPS funds for personal benefit, in particular to fund unnecessary or excessive travel and accommodation
- Allegation 2: Failure to comply with required financial management practices or policies in relation to Project Synergy revenue and expenditure
- Allegations 3 & 4: Misuse of a corporate credit card to obtain a personal benefit
- Allegation 5: Provision of overseas travel opportunities to staff on a preferential basis and without fair process, in order to cultivate loyalty from the recipients.

The investigation considered whether the subject officers' conduct would amount to offences against the *Criminal Code* of misconduct in relation to public office (section 92A) or fraud (section 408C) or whether the conduct warranted consideration of disciplinary action.

The CCC investigation involved:

- Reviewing the information gathered by the QPS investigation, including the interviews conducted by the QPS
- Gathering and analysing documents, such as project documentation, QPS and Queensland Government policies, information gathered by PSBA, gift and sponsor registers, and emails
- Conducting a financial analysis and preparing a comprehensive and complex financial investigation report based on financial records between April 2013 and October 2015 that were subject to the Project Synergy cost centre
- Interviewing seven subject officers and witnesses
- Conducting three days of closed hearings during which three of the subject officers gave evidence.

The CCC liaised with the Queensland Audit Office (QAO) during the investigation. Information was disseminated for the purpose of the QAO considering and undertaking an examination of the activities related to the financial management of the FCCG and QPS as follows:

- A performance effectiveness review of Project Synergy and FCCG
- An organisation performance review related to revenue generation by FCCG
- A financial audit of travel expenditure attributed to the general FCCG cost centre
- A cost/benefit analysis and audit, including employee costs, of Project Synergy activities
- An audit of FCCG compliance with the Financial Management Practice Manual (FMPM)
- A review of FCCG compliance with relevant government and QPS policies.

The CCC also liaised with the Public Service Commission, in relation to the application of their Gifts and Benefits Directive, and the Department of the Premier and Cabinet in relation to the Sponsorship Register.

After considering all the available evidence, the CCC is of the view there are insufficient grounds for consideration of prosecution proceedings against any of the subject officers.

However, the CCC is of the view there are sufficient grounds to warrant consideration of disciplinary action in relation to the failure to comply with financial management practices and other QPS policies (allegation 2). This matter has been referred to the QPS for consideration of disciplinary action, pursuant to section 49(2)(f) of the CC Act.

The CCC is of the view there are insufficient grounds to warrant consideration of disciplinary action in relation to the remaining four allegations. This is because:

- In relation to allegation 1, the travel and accommodation expenditure examined by the CCC was officially approved and appeared to be consistent with Project Synergy activities. There appeared to be a work-related purpose for all Project Synergy funded travel and no evidence of fraud or misappropriation for personal benefit was identified.

While some items of expenditure could arguably be considered excessive or unnecessary, ultimately that was a judgment call for the decision maker. Justifying and assessing the value of travel is a management issue, and the Detective Superintendent was responsible for making such decisions.

However, issues were identified in relation to some travel allowance claims for personal incidentals. New allegations have been generated to address these issues (see below for further detail).

- In relation to allegations 3 and 4, an examination of corporate credit card expenditure did not identify evidence of fraud or misappropriation for personal benefit. While the appropriateness of some expenditure is questionable, the transactions appear to be linked to Project Synergy activities and were approved by the authorising officers. However some policy compliance issues were identified and new allegations have been generated to address these issues (see below for further detail).
- In relation to allegation 5, the evidence indicates that people were selected for overseas travel on the basis of relevance, role and expertise. The overseas travel examined by the CCC was reasonably justified and no favouritism was identified.

It should be noted that the CCC investigation did not identify concerns with all the QPS officers involved with Project Synergy.

During the course of the investigation, 20 further allegations were identified. These allegations relate to the organisation and running of a charity golf day by FCCG, the disclosure of QPS intellectual property, inappropriate travel allowance claims, misuse of a corporate credit card and excessive expenditure of QPS funds. These allegations have been referred to the QPS to deal with. The CCC will monitor the way the allegations are dealt with by conducting a merit and compliance review (as described on page 2).

The CCC has also made a number of procedural recommendations to the QPS.

While insufficient evidence was identified to support most of the allegations, the CCC identified significant issues which have been raised with the QPS and QAO for consideration. In general terms, these issues fall within three categories:

- Failure to comply with the financial management regulations required to be adhered to by QPS in the management of FCCG and Project Synergy
- Failure by FCCG to comply with relevant government and internal QPS policies
- Failure to manage FCCG resources and activities consistent with the effective performance of the role and functions of QPS.

## **Decision to issue a public report**

During the course of the investigation, the CCC determined to issue a public report about the broad organisational issues within the QPS which have relevance to the wider public sector.

The CCC does not publish reports on every matter it assesses or investigates. However this matter involved serious allegations against senior QPS staff in the FCCG, some of which had been made public. The investigation also raised a number of issues of relevance to the whole of the public sector. Accordingly, the CCC determined it was in the public interest to issue a public report.

The CCC provided copies of the draft report to the QPS, the subject officers, other people mentioned in the report, and a number of relevant public sector agencies as part of its procedural fairness process. That process offered the opportunity for affected parties to make comments, clarify information or raise concerns in relation to the content, accuracy and recommendations made in the report.

One party failed to respond to the CCC's attempts to seek feedback. Despite multiple attempts to contact the officer to provide the report in hardcopy, the provision of the report in electronic form, and an extension of time to respond, the officer failed to access the report or communicate with the CCC.

The CCC has taken into consideration all responses received and has made amendments to the report where we consider it appropriate.

The CCC is satisfied all reasonable attempts were made to provide procedural fairness to all concerned.

# PROJECT SYNERGY

---

Project Synergy encompasses a number of fraud prevention activities undertaken by the Fraud Prevention Team within the FCCG. The project largely involves running training courses, educational programs and conferences.

## Origins of the project

In July 2007, a briefing note was prepared to inform the Deputy Commissioner about the establishment of Project Synergy, a project designed to facilitate conferences by the FCCG.

Project Synergy commenced with two pilot conferences in 2007, the National Nigerian Fraud Symposium and the Fraud Investigations Training Summit. The conferences were expected to cost about \$16,000<sup>9</sup> each and would be funded by sponsorship and registration fees. It was anticipated that any funding shortfall from the Nigerian Fraud conference would be offset by the profits from the Fraud Investigations Training Summit.

It was anticipated that residual profits from Project Synergy conferences would be spent on training FCCG investigators and future conferences.

## Components

Project Synergy has evolved and developed four main components:

- Fraud and Cyber Crime Symposiums
- Practical Investigative Interviewing and Statement Taking courses
- Victim support group
- Fiscal the Fraud Fighting Ferret.

### Fraud and Cyber Crime Symposiums<sup>10</sup>

Project Synergy held its 15<sup>th</sup> Fraud and Cyber Crime symposium in September 2016. The symposiums are held at off-site venues and consist of presentations, corporate speakers and social activities over three to four days. A strong emphasis is placed on cyber crime and the general aim of the symposiums is awareness and networking.

The symposiums are now major events involving hundreds of thousands of dollars and require increasing QPS staff resources to organise and run. The cost of the symposiums has increased from approximately \$16,000 in 2007 to almost \$260,000<sup>11</sup> (including GST)<sup>12</sup> in 2014.

---

9 It is unclear if this amount includes GST.

10 The figures quoted in relation to the 2014 symposium have been taken from the Project Synergy document 'Annexure D', which we understand was attached to the 2014 symposium finalisation report. Due to issues with Project Synergy recordkeeping (as outlined in 'Financial Management' on page 18), the CCC was unable to verify all of these amounts. In the body of the report we will refer to the amounts in the QPS report. The discrepancies between the figures in the QPS records and the figures the CCC was able to verify will be identified in the footnotes.

11 QPS documents show the expenses totalling \$259,839. The CCC identified approximately \$271,883 in expenses, based on expenditure identified between 1/12/13 and 30/11/14.

12 Unless otherwise stated, all dollar amounts in this report are inclusive of GST and are rounded to the nearest dollar.

The symposiums are funded by delegate registration fees and external sponsorship. The 2014 symposium attracted sponsorship of \$110,750<sup>13</sup> and registration fees of \$220,624.<sup>14</sup>

The symposiums generate a profit, which is pooled into Project Synergy funds. According to QPS documents, the 2014 symposium made a total profit of \$116,140.<sup>15</sup>

#### Practical Investigative Interviewing and Statement Taking courses

Since 2007, Project Synergy has held approximately 21 Practical Investigative Interviewing and Statement Taking (PIIAST) courses. The courses are held at off-site venues over two to three days and are delivered by Project Synergy and FCCG officers. The general aim is to educate external delegates to enhance the quality of their statement taking.

Revenue for these courses is entirely based on registration fees and these courses are a lucrative source of revenue. The profits from PIIAST courses are pooled into Project Synergy funds, along with the profits from the symposiums.

#### Victim Support Group

FCCG states this program provides counselling support to victims of fraud, through monthly meetings facilitated and attended by FCCG officers. The principal cost of this activity appears to be providing morning tea to the group.

While we appreciate the Victim Support Group is designed to specifically support fraud victims, there are a number of other government-funded organisations which offer similar services, but also provide professional counselling services.

#### Fiscal the Fraud Fighting Ferret

This program is based on the animated character of Fiscal, created with the aim of educating primary school children in relation to cyber crime issues. Project Synergy has developed a website and four online videos that feature Fiscal.

The Fiscal program is almost fully funded<sup>16</sup> by the profit made by other Project Synergy activities. The CCC's financial investigation indicates a large proportion of Project Synergy profits are spent on the Fiscal program. Between 1 April 2013 and 30 June 2015, over \$47,478 was spent on Fiscal merchandise,<sup>17</sup> including some questionable items such as wine coolers for a children's program. While the Project Manager stated the wine coolers and earphones were purchased for the delegate bags for the 2015 Symposium, this is entirely inconsistent with the primary focus of the program.

Towards the end of our investigation, the CCC was advised the FCCG has decided not to continue running the Fiscal program.

---

13 The CCC's financial analysis was only able to identify transaction records for sponsorship to the value of \$86,000. There is a difference of \$24,750 between the QPS reported figure and the figure the CCC was able to verify through transaction records. This discrepancy is not considered to be missing funds, but rather appears to be due to inaccurate reporting by Project Synergy staff.

14 The CCC identified transactions totalling \$209,000 for registration fees. The discrepancy may be due to the fact that income received for the symposiums and PIIAST courses was not separately classified in SAP.

15 Based on the income and expenses the CCC was able to verify, the CCC calculated a total profit of \$23,100.

16 The CCC financial analysis identified one donation of \$3,000 (excluding GST) to the Fiscal program from a private business.

17 Some examples of the merchandise identified include Fiscal mascot costumes (approximately \$5,500), Fiscal wine coolers and earphones (approximately \$11,000) and Fiscal wristbands (approximately \$11,000).

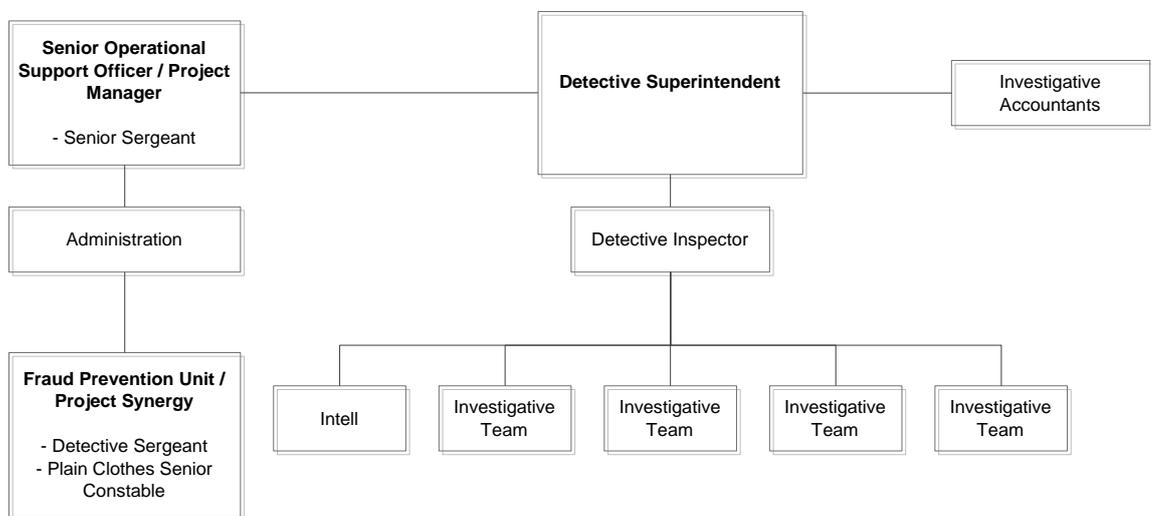
## Structure and reporting

Project Synergy is run by the FCCG Fraud Prevention Unit, consisting of a Detective Sergeant and a Senior Constable. The project is managed by a Project Manager, a Senior Sergeant who is a Senior Operational Support Officer within the FCCG. Project Synergy is overseen by the Detective Superintendent in charge of the FCCG.

The Detective Sergeant is the Team Leader of the Fraud Prevention Unit and reports to the Project Manager in relation to Project Synergy activities. The Project Manager reports to the Detective Superintendent. The Detective Superintendent reports directly to the Assistant Commissioner, State Crime Command.

### Fraud and Cyber Crime Group

As at 21/12/15



## Self-funding

Project Synergy does not have an allocated budget. The project operates on a self-funded basis by generating revenue from external sponsorships and registration fees for symposiums and training courses.

Profits from Project Synergy events such as the symposiums and PIIAST course are recorded against the Project Synergy cost centre. This pool of money is used to fund Project Synergy's other activities, primarily the Fiscal program, and any additional revenue is used at the discretion of the Detective Superintendent for internal purposes, such as training of FCCG officers, staff travel (including overseas travel), and purchasing equipment, promotional and marketing items. No formal planning process was conducted in relation to how the profits would be spent.

# CASE STUDY— 2014 FRAUD AND CYBER CRIME SYMPOSIUM

---

When considering allegations relating to the symposiums, the CCC decided to narrow the scope of the investigation by focusing on the 2014 symposium. The 2014 symposium was chosen because the CCC was likely to have gathered the relevant financial records relating to the event during the course of the investigation. A number of noteworthy events also occurred that year which warranted further consideration and will be discussed throughout this report.

## Event details

The 13<sup>th</sup> FCCG Symposium was held from 25 to 28 August 2014 at Sanctuary Cove on the Gold Coast. The theme of the event was ‘Transforming threats into opportunities’. The Detective Sergeant was nominated as the Event Coordinator for the 2014 symposium.

The venue was apparently chosen based on factors such as the size of the venue, hotel facilities and availability. In terms of ensuring value for money, the CCC was advised the proposed cost was assessed against the cost of previous symposiums. No evidence was identified to suggest a formal procurement process was undertaken to select the event venue.

The contract with the venue was signed by the Project Manager on behalf of the QPS. The contract exceeded the Project Manager’s financial delegation limit.

The symposium involved 26 speaking sessions, five panel discussions, one speed networking session and three evening social events. According to QPS documents, the event cost almost \$260,000 to run.<sup>18</sup> Over \$79,000 was spent on the social and networking events.<sup>19</sup>

## Delegates

The symposium was attended by 243 delegates, representing 115 organisations, from eight countries. According to QPS records, a total of \$220,624 was generated by registration fees for the 2014 symposium.<sup>20</sup>

Registration fees for the event varied based on the number of days the delegate attended, attendance at social functions, whether the delegate purchased an ‘early bird’ registration and whether the delegate worked for a law enforcement agency.

A number of QPS officers were offered complimentary registration and social event tickets, although the discounting and granting of complimentary registrations for QPS officers does not seem to have been consistently applied. Various invoices were identified for QPS staff with registration fees calculated at full price, with the law enforcement discount, for social event tickets only and for complimentary registrations. It was not clear how the discounting of registration fees for QPS officers was calculated and the reasons for giving complimentary or discounted registrations were not always clear.

Complimentary registration and admission to social events were also offered as part of some sponsor packages.

---

18 Note comments in footnote 15 about the CCC’s calculation of profit.

19 According to QPS documents the social events costs were as follows: welcome event \$11,530; mystery dinner \$25,970; gala dinner entertainment \$14,825 and food/beverage \$27,258.

The CCC’s financial analysis was able to identify a total of \$75,088, which was comprised of the welcome event \$11,280; mystery dinner \$24,780; and gala dinner entertainment \$12,100 and food/beverage \$26,928.

20 Note comments in footnote 14 about the CCC’s calculation of registration fees.

## Sponsorship

The event's 13<sup>21</sup> corporate sponsors provided a total of \$110,750<sup>22</sup> in sponsorship.

As the Event Coordinator, the Detective Sergeant was responsible for sourcing and managing sponsorship. The Detective Sergeant said that the majority of, if not all, sponsors were recommended to him by the Detective Superintendent. No formal risk assessment of sponsors was conducted.

A sponsorship proposal was prepared by the Detective Sergeant which outlined the various sponsorship opportunities available.<sup>23</sup>

Event sponsors signed a letter of agreement, which had been developed by the Detective Sergeant. The letters of agreement were not based on the precedent agreements provided for in the Queensland Government Sponsorship Policy (the Sponsorship Policy). Sponsorship in excess of \$10,000 was not formalised in a sponsorship agreement (as opposed to a letter of agreement), as required by the Sponsorship Policy. No legal advice was sought in relation to the agreements.

The Detective Sergeant signed the letters of agreement on behalf of the QPS, despite not having the necessary financial delegation.

The Detective Sergeant issued invoices on behalf of the QPS to the sponsors, which included payment instructions. All sponsors were asked to make payment directly to the event venue, rather than to the QPS account. The invoices were not entered in SAP, the QPS accounting system. Instead Project Synergy maintained its own records to record and monitor the payment of sponsorship funds.

A number of issues were identified in relation to sponsorship of the 2014 symposium:

- At one stage, a sponsorship payment of \$8,250 was unable to be located. The missing money was not detected until after the 2014 symposium account was settled. It was later recovered and held in the venue account to be credited for the 2015 symposium.
- The CCC was not able to find any evidence that one sponsorship payment of \$16,500 was ever received, despite Project Synergy officers advising that the payment was received late after significant problems in having the sponsor actually pay.
- After the symposium, a surplus of \$24,078<sup>24</sup> remained in the venue account. This amount was not reported to QPS Finance and was later applied to the 2015 symposium.

QPS were required to maintain an internal sponsorship register and report to the Department of the Premier and Cabinet (DPC) annually in relation to sponsorship provided and received. Due to a change in the basis for reporting sponsorship (as discussed below in 'Sponsorship'), sponsorship for the 2014 symposium was not recorded on the DPC sponsorship register.

---

21 While QPS records state there were 13 event sponsors, the CCC was only able to identify payments from 11 sponsors.

22 The CCC's financial analysis was only able to identify transaction records for sponsorship to the value of \$86,000. There is a difference of \$24,750 between the QPS reported figure and the figure the CCC was able to verify through transaction records. This discrepancy is not considered to be missing funds, rather appears to be due to inaccurate reporting by Project Synergy staff.

23 'Major Symposium Sponsorship Opportunities' offered at the level of platinum (\$22,000), gold (\$16,500), silver (\$8,250) and bronze (\$5,500). 'Special Event Sponsorship Opportunities' were offered for the mystery dinner (\$12,500), gala dinner (\$12,500), welcome event (\$5,500), barista zone (\$5,500) and golf event (\$5,500).

24 This includes the \$8,250 sponsorship payment referred to in the first dot point.

## Speakers

There were 32 speakers at the event, including a number of international speakers.

The speakers were not paid a speaking fee, but they received complimentary event registration, tickets to the social events and Project Synergy paid for their expenses including flights, accommodation and meals. This was described by Project Synergy officers as an 'industry standard'. Over \$15,000 was spent on speaker travel<sup>25</sup> and almost \$9,200 on speaker accommodation.<sup>26</sup>

According to QPS documents, over \$5,800<sup>27</sup> was spent on gifts and awards for speakers. An internal QPS gift register<sup>28</sup> for the event included gifts to speakers of 24 crystal world globes with stand (totalling \$2,448) and four crystal ornaments (totalling \$888).<sup>29</sup> A total of \$1,752 was spent on framed certificates.

The Public Service Commission Directive 22/09 'Gifts and Benefits' relevantly provides that the giving of gifts should not be common or frequent in occurrence and that where a gift is to be made on behalf of the State, consideration should be given to selecting an appropriate gift from the Official Gift Range maintained by Protocol Queensland (section 7.3.2). It does not appear the gifts purchased for the 2014 Symposium were selected from the Official Gift Range.

## Event summary

According to QPS documents, the 2014 symposium generated \$375,979 in income and the event expenses were \$259,839.<sup>30</sup> The event generated a profit of \$116,140. Due to issues with Project Synergy record keeping (as discussed in 'Financial Management' on page 16), the CCC has been unable to verify all these amounts.

QPS salary costs were not included when calculating the costs of the event. As a result, the stated profit is not a true reflection of the cost of running the event.

An unsigned QPS finalisation report stated that the 2014 event was the most successful symposium to date, and the excess funds would be used to acquire equipment for QPS officers, fund community programs and provide development opportunities at the FCCG. Due to issues with Project Synergy's record keeping practices (as discussed in 'Financial Management' on page 16), it is unclear how the profits from the 2014 symposium were actually spent.

---

25 International speaker travel \$12,903; domestic speaker travel \$2,138

26 International speaker accommodation \$5,913; domestic speaker accommodation \$3,285. The CCC was able to verify a total of approximately \$15,400 for speaker travel and other expenses, based on expenses identified between 1/12/13 and 30/11/14.

27 Due to recordkeeping issues, the CCC was unable to conclusively identify all gifts purchased for the 2014 symposium.

28 The Public Service Commission Directive 22/09 'Gifts and Benefits' provides that any gift received or given that has a retail value of more than \$150 must be recorded in a gifts and benefits register, which must be published as part of an agency's publication scheme (section 7.4, 7.4.2). The QPS's published register contains entries for the gifts for the 2014 Symposium which were over the value of \$150.

29 An invoice relating to the purchase of the above items is for a total of \$4,077.95 for 29 crystal globes and five crystal ornaments. However as outlined above, QPS records indicate only 24 crystal globes and four crystal ornaments were actually given as speaker gifts for the 2014 symposium.

30 Income was generated from registration fees, sponsorship, exhibition booths and an accommodation rebate. It is noted that the income from 'accommodation rebates' is equal to the expense of 'block accommodation'. The figures quoted as income in the QPS documents include the additional items of income ('exhibition booths' and 'accommodation rebate'), which is why the total income figure quoted on this page is greater than the sum of the registration fees and sponsorship amounts, referred to on pages 10, 12 and 13.

# DISCUSSION

---

This section of the report deals with the following organisational issues identified during the investigation which have relevance to the wider public sector:

1. Sponsorship
2. Financial management
3. Hospitality.

The changes made by the QPS in response to the CCC's investigation will also be discussed.

## SPONSORSHIP

In June 2013, the then Crime and Misconduct Commission published a prevention advisory about sponsorship management.<sup>31</sup> The advisory identified the legislative requirements, major misconduct risks involved with sponsorship, strategies to prevent misconduct and how to manage sponsorship arrangements. Relevantly, the advisory stated that successful sponsorship management must incorporate:

- Appropriate authorisation of sponsorship at both the planning and agreement stages
- Documented risk analysis
- Documented costs and benefits analysis
- Formal documentation of sponsorship agreements
- Post-sponsorship evaluation, and ongoing evaluation for long-duration arrangements
- A reporting framework that meets right to information and other accountability requirements.

At the time of the 2014 symposium,<sup>32</sup> the Queensland Government Sponsorship Policy (the Sponsorship Policy) and the Queensland Government Guidelines for Receiving Sponsorship (the Sponsorship Guidelines) outlined the mandatory principles and processes to be used when engaging in sponsorship arrangements on behalf of the Queensland Government.

The failure to ensure Project Synergy activities complied with the Sponsorship Policy is one of the grounds the CCC relied upon in referring allegation 2 to the QPS for consideration of disciplinary action.

### Risk assessment

Principle 6 of the Sponsorship Policy 'Appropriate activity and association' provides that Queensland Government agencies must ensure activities and associations relating to sponsorship are appropriate and not seen to diminish the reputation and goodwill of the government.

Steps 2 'Analysing risks, cost and benefits' and 7 'Seeking potential sponsors' of the Sponsorship Guidelines relevantly provide:

---

31 In September 2016, the CCC issued an updated Corruption Prevention Advisory 'Sponsorship management', which can be found on the CCC's website at <http://www.ccc.qld.gov.au/research-and-publications>

32 An updated version of the Queensland Government Sponsorship Policy was issued in October 2015. References in this section of the report are to the documents in place at the time of the relevant conduct.

- The responsible officer should assess, select and evaluate the sponsorship opportunity and potential sponsors in accordance with the principles set out in the Sponsorship Policy
- The responsible officer should analyse the appropriateness of the association between potential sponsors and the Queensland Government
- Where approval has been granted to approach potential sponsors directly, the responsible officer should undertake a full investigation of potential sponsors including websites, annual reports and publications prior to any direct contact.

Principle 8 of the Sponsorship Policy ‘Management and reporting’ states that agencies providing or receiving sponsorship must ensure all relevant aspects of the sponsorship initiative (including assessment, selection and evaluation) are recorded and documented in the agency’s file.

The Detective Sergeant was responsible for sourcing and managing sponsors, the majority of which were recommended by the Detective Superintendent. The Detective Sergeant said his assessment of sponsors was based on the Detective Superintendent’s recommendation, along with some internet research into the company. He did not conduct a formal risk assessment of the sponsors.

### **Sponsorship agreements**

Sponsorship Policy and Guidelines provide that agencies must ensure sponsorship arrangements are formalised in the appropriate Queensland Government precedent document.<sup>33</sup> Further, a ‘Sponsorship Agreement’ is to be entered where the value of the sponsorship is over \$10,000 (excluding GST) and a ‘Letter of Agreement’ (including the ‘Conditions of Sponsorship’) where the value is less than \$10,000 (excluding GST).<sup>34</sup>

The Queensland Government precedents detail the rights, obligations and entitlements between the parties. The substantive legal clauses in the precedents are to remain unchanged, unless legal officers within the relevant agency have been consulted.

All Project Synergy sponsorship arrangements were documented by a letter of agreement, even those which were valued at over \$10,000. The letters of agreement for Project Synergy sponsors were not prepared based on the Queensland Government approved precedents and did not contain the standard ‘Conditions of Sponsorship’. The Project Synergy letters of agreement were not reviewed or approved by QPS legal officers.

### ***Authority to enter agreement***

Principle 7 of the Sponsorship Policy ‘Appropriate authority’ provides that agencies must ensure written approval is granted by the relevant Minister or Minister’s delegate (i.e. the Director-General or Chief Executive Officer) to enter into each sponsorship arrangement.

Principle 7 of the Sponsorship Policy and step 9 of the Sponsorship Guidelines ‘Documenting the Sponsorship arrangement’ provide that the sponsorship agreement is to be signed by a person with appropriate delegated financial and legal authority.

The Project Synergy sponsorship letters of agreement were signed by the Detective Sergeant. The Detective Sergeant said that as far as he was aware he did not have any financial delegation, but he was under the impression he had approval from the Detective

---

33 Principle 8 of the Sponsorship Policy ‘Management and reporting’ and step 9 of the Sponsorship Guidelines ‘Documenting the sponsorship arrangement’ deal with documenting the sponsorship arrangement.

34 A Memorandum of Understanding is to be entered for sponsorship of initiatives between the relevant agency and other Queensland Government agencies.

Superintendent to enter the agreements. There is no evidence to suggest the Minister or Minister's delegate approved each sponsorship arrangement.

### **Sponsorship register**

Since April 2015, the QPS has been required to publish its sponsorship register on its website on a quarterly basis.<sup>35</sup> In addition, the QPS must maintain and submit a sponsorship register to the DPC at the end of each financial year.<sup>36</sup>

When considering the sponsorship registers relating to the 2014 symposium, a discrepancy in reporting was identified between the registers maintained by the QPS and the DPC, which resulted in the 2014 sponsorship not being recorded on the DPC sponsorship register.

In the DPC register for the 2013–14 financial year, sponsorship relating to the 2013 symposium was reported. It appears that in this year sponsorship was reported based on the date of the event for which the sponsorship was received, in this case the September 2013 symposium.

In the DPC register for the 2014–15 financial year, sponsorship relating to the 2015 symposium was reported. It appears that in this financial year sponsorship was reported based on the date the letters of agreement were signed, rather than on the date of the event. The agreements for the 2015 symposium appear to have been signed in March and April 2015,<sup>37</sup> which falls within the 2014–15 financial year, but the funds were provided for an event to be held in the 2015–16 financial year.

Due to this change in reporting between the 2013–14 and the 2014–15 financial years, sponsorship for the 2014 event was not recorded on the DPC sponsorship register.

### **Lack of policy awareness**

The Detective Superintendent and Detective Sergeant both said they were not aware of the Sponsorship Policy or Sponsorship Guidelines. The Detective Sergeant, who was responsible for sourcing and managing sponsorship, was also not aware whether QPS had any internal sponsorship policies. The Project Manager said she had considered the Sponsorship Policy and Guidelines on occasion when she was sourcing information for the sponsorship register, but had not looked at them in detail.

Officers involved in obtaining, managing and reporting on sponsorship did not familiarise themselves with the relevant policies or seek any advice about sponsorship.

### **Changes to sponsorship policy**

The QPS Management Support Manual was updated in July 2016. Section 8.3 deals with sponsorship and is significantly different to the previous version. Some of the notable changes include:

- A member of Planning and Performance, Organisational Capability Command ('the responsible officer') is responsible for QPS-wide coordination of sponsorship proposals or opportunities. The responsible officer's duties include the administration of sponsorship opportunities, developing proposals, managing the sponsorship arrangement and appropriately documenting the approaches taken.

---

35 Section 8.3 QPS Management Support Manual

36 Principle 8 Sponsorship Policy, Step 11 Sponsorship Guidelines

37 Only one sponsorship amount seems to have been received in April 2015, after the date QPS was required to publish the sponsorship register on its website. This single entry appears in the April–June 2015 register which is published on the QPS website.

- Planning and Performance, Organisational Capability Command will facilitate the progression of appropriate sponsorship and ensure (in consultation with the ESC) that effective strategies are implemented to prevent QPS members obtaining a personal benefit or advantage.
- Planning and Performance, Organisational Capability Command will ensure that QPS guidelines for providing and receiving sponsorship are developed and align with the requirements of the Queensland Government Guidelines for Providing Sponsorship and Queensland Government Guidelines for Receiving Sponsorship.

Section 8.3 also provides that the QPS's sponsorship procedures align with the mandatory principles and processes contained within the Queensland Government Sponsorship Policy.

The introduction to the Management Support Manual states it is issued pursuant to the provisions of section 4.9 'Commissioner's direction' of the *Police Service Administration Act 1990*. Failure to comply with the manual may constitute grounds for disciplinary action.

The Queensland Government Sponsorship Policy and guidelines were also updated in October 2015. The updated documents are more streamlined and contain less detail than the previous versions. The policy still outlines the mandatory sponsorship principles and processes to be followed as part of all sponsorship arrangements. Separate guidelines are provided for receiving and providing sponsorship.

#### **RECOMMENDATIONS:**

- 1. An audit be conducted across the public sector to determine whether the Queensland Government Sponsorship Policy and Guidelines are being followed. The audit should be conducted by the DPC, as the policy holder and agency able to make any necessary changes to the existing policy and guidelines.**
- 2. If the audit identifies widespread sponsorship issues, the DPC should consider whether the current sponsorship policy and guidelines are effective or whether they should be strengthened to include compulsory risk analysis, regular audits, and a costs and benefits analysis.**

## **FINANCIAL MANAGEMENT**

During the investigation, a number of financial management failures were identified. The following issues are considered to have relevance to the wider public sector:

- Payment of sponsorship money directly to the venue
- Poor record keeping practices
- Exceeding delegation limits
- Lack of audit.

The financial management issues identified in this section form part of the grounds relied upon by the CCC in deciding to refer allegation 2 to the QPS for consideration of disciplinary action.

## Payment of sponsorship money directly to venue

Project Synergy instructed symposium sponsors to pay sponsorship funds directly to the event venue, rather than to QPS.<sup>38</sup> Project Synergy officers gave various reasons for the instruction:

- to avoid the QPS being seen to purchase alcohol for the symposium (the purchase of alcohol will be dealt with in further detail below in 'Hospitality')
- to avoid 'double handling' of the money, as the QPS would have to pay the money to the venues eventually
- to avoid 'losing' money as all funds had to be dispersed by QPS at the end of the financial year, which would mean that funds received in one financial year for an event in the next financial year could not be retained.<sup>39</sup>

Sponsorship invoices and sponsorship money received by the venues were not recorded in SAP, the QPS accounting system. This also meant the expenses the sponsorship funds were used to pay were not recorded in SAP. While Project Synergy officers said they maintained their own records in relation to these funds, as the records were not entered in SAP, no one outside of Project Synergy would be aware of the existence of the funds and how they were spent. This created a significant fraud risk to the QPS.

As a result of this practice, the QPS did not have a complete and transparent record of funds received and expended as part of Project Synergy. This made it difficult to budget, audit, report, monitor and maintain control of significant financial resources.

As a result of the CCC's investigation, we understand sponsorship money is now paid directly to the QPS account.

## Poor record keeping practices

The poor quality of the records maintained in relation to Project Synergy made the CCC's financial analysis of the Project Synergy cost centre difficult.

Project Synergy officers maintained their own internal records which did not reflect the records entered in SAP. This is primarily due to the use of a cash accounting system<sup>40</sup> and sponsorship funds being directly paid to third parties. Records such as invoices issued by Project Synergy, payments made by sponsors to third parties, and invoices from conference venues were excluded from SAP records.<sup>41</sup>

Some of the particular record keeping issues include:

- Failure to record all registration and sponsorship income in SAP and conduct regular and documented reconciliation of income received
- Lack of consistency and accuracy in internal templates used for record-keeping
- Failure to classify income between different events to ensure accurate accounting and reporting of their profitability

---

38 It is noted that some sponsorship money was paid directly to the QPS.

39 Paragraph 3.5 State Crime Command Instruction 16/2013 provides 'Any surplus funds remaining following the revenue generating activity is to be dispersed as outlined under the FMPM at the end of the financial year and is not to be retained.'

40 Using a cash accounting system, revenue is only recorded in SAP when payments from sponsors and delegates are received, not when invoices are raised. In effect, any outstanding sponsorship or registration invoices are undetected by QPS Finance. Likewise, expenditure is recorded in SAP when paid, not when incurred. Consequently, reported expenses could be under or overstated.

41 On occasions where QPS paid a deposit to the venue or there was an outstanding balance to be paid to the venue after the event, the portion paid by the QPS was recorded in SAP. However the full amount of the invoice (including payments made directly to the venue) was not recorded in SAP.

- Insufficient detail in some supporting invoices to justify the relevance of purchases made by Project Synergy.

### **Exceeding financial delegations**

During the investigation, a number of occasions were identified on which Project Synergy officers signed agreements on behalf of the QPS without ensuring they had the necessary financial and legal delegation to do so.

The QPS delegation instrument provides that expenditure for conference and workshop activities must be authorised by an officer at the rank of Assistant Commissioner or above.<sup>42</sup> There is no evidence a QPS officer at the rank of Assistant Commissioner or above approved any of the Project Synergy expenditure.

Symposium contracts were signed by the Project Manager and Detective Sergeant. As outlined above in 'Sponsorship', the Detective Sergeant also entered the sponsorship arrangements without the appropriate delegation. Neither officer had the necessary delegation to enter the agreements but signed the documents believing the Detective Superintendent had authorised them to do so.

### **Lack of audit**

Until this complaint was made, QPS had not conducted any audit of Project Synergy since its inception in 2007. This indicates poor governance and oversight of Project Synergy at various levels of management within the QPS.

The Detective Superintendent said he was under the impression that QPS Finance was auditing Project Synergy. The CCC was told that while Finance was watching the Project Synergy cost centre as part of their usual management of the cost centre, they were not conducting a formal audit of any particular issue. The former Assistant Commissioner, State Crime Command told the CCC she regretted not ensuring Project Synergy was audited.

QPS has an internal audit function which relevantly reviews and evaluates:

- The adequacy and effectiveness of the system of internal controls and the quality of performance in carrying out assigned responsibilities
- The reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information
- Whether the QPS is in compliance with the relevant legislation, policy and procedures
- The economy and efficiency with which resources are managed and used
- Operations and programs to ascertain whether results are consistent with established objectives and goals and whether operations and programs are carried out as planned.<sup>43</sup>

The internal audit function also relevantly:

- Evaluates QPS-initiated programs or reviews program evaluations
- Advises project officers and research officers in regions, commands and divisions on the execution of their projects
- Reviews risk assessments, and fraud and corruption prevention initiatives
- Advises on best practice and publishes 'better practice' reports.<sup>44</sup>

---

42 QPS Instrument of Delegation/Authority, Delegation no D12.11

43 Section 2.3 Charter of the internal audit function

44 Section 2.4 Charter of the internal audit function

Despite QPS having an internal audit capability, the organisation failed to initiate an audit of Project Synergy. It is unclear why internal audit did not conduct an audit and the CCC was unable to determine who was ultimately responsible for ensuring Project Synergy was audited.

**RECOMMENDATIONS:**

- 3. Based on the information the CCC has already provided to the QAO, the QAO consider and undertake an examination of the financial management related activities of the FCCG and QPS as follows:**
  - **A performance effectiveness review of Project Synergy and FCCG**
  - **An organisation performance review related to revenue generation by FCCG**
  - **A financial audit of travel expenditure attributed to the general FCCG cost centre**
  - **A cost/benefit analysis and audit, including employee costs, of Project Synergy activities**
  - **An audit of FCCG compliance with the FMPM**
  - **A review of FCCG compliance with relevant government and QPS policies.**
- 4. The QPS ensure all events where the QPS receive sponsorship are audited by an external auditor, including compliance with government policies, appropriate exercise of delegations and a cost/benefit analysis. These audits could be conducted by the QAO, as part of the QAO's normal financial audit under section 30 or as a 'by-arrangement' audit under section 36 of the *Auditor-General Act 2009*.**

## HOSPITALITY

Alcohol was provided at the social events related to the symposiums. At the 2014 symposium, alcohol was served at the welcome event, mystery dinner event and the gala dinner. To give an indication of the cost of the alcohol, the Mystery Dinner event cost \$24,780 and of that \$6,860 was spent on a four-hour 'Platinum Beverage' package. The alcohol component made up over 27% of the cost of the event.

Project Synergy officers arranged for sponsors to pay money directly to the venues. One of the reasons for this decision was said to be to avoid the QPS being seen to purchase alcohol.

Section 12.2 of the FMPM 'Hospitality and Personal Expenses' relevantly provides:

All alcohol purchases shall be approved by the Commissioner, relevant Deputy Commissioner, Deputy Chief Executive (Resource Management), relevant Assistant Commissioner or Director. The Service's general position is that alcohol expense shall not be incurred for members attending various business activities or events. By exception, the Commissioner's, relevant Deputy Commissioner's, Deputy Chief Executive (Resource Management), relevant Assistant Commissioner's or Director's approval shall be sought for members attending such activities as strategic planning workshops to share in the very modest consumption of alcohol in recognition of a member's participation in the workshop process....

There is no evidence that the purchase of alcohol for the symposiums was approved in accordance with this policy.

The QPS policy does not prohibit the purchase of alcohol, but provides that the purchase has to be approved by an officer of a particular level. Project Synergy officers misunderstood the QPS policy in relation to the purchase of alcohol, which is one of the reasons given for sponsors being asked to make payments directly to the venues.

The CCC acknowledges there are industry norms agencies may want to meet for events similar to the 2014 symposium or other symposiums held by FCCG, and that providing alcohol at social events is one such standard. However any alcohol purchase must be appropriately authorised and comply with agency policies.

The QPS State Crime Command (SCC) has taken steps to address this issue. In 2015, the SCC implemented an updated instruction to explicitly address the issue of providing alcohol at conferences. 'Approval for hosting events with external sponsorship' provides that the purchase and consumption of alcohol is to be monitored and align with industry standards at comparative events.<sup>45</sup> This new instructions clarifies that alcohol can be purchased for events with external sponsorship.

## QPS RESPONSE

The QPS has taken some action to address issues identified in this investigation.

During the course of the CCC investigation, the QPS asked the PSBA to conduct a further review of the accounting treatment of sponsorship and delegate fees received by Project Synergy. This review identified a number of issues, including:

- The recording of revenue and expenditure for symposiums and PIIAST courses was unclear, inaccurate or inconsistent.
- The financial position for each symposium and PIIAST course cannot be determined, as all revenue and expenditure is posted against a single cost centre.
- Sponsorship being paid to a third party (such as the symposium venue) creates issues including
  - FCCG issue the invoice but the revenue is received by a third party
  - FCCG has no control over the revenue, which leaves the money subject to fraud by a third party or third party employee
  - FCCG loses interest earned on sponsorship money which should be in the QPS bank account.

The review makes a number of recommendations to address these issues. QPS advises that some of these changes have been implemented. The CCC understands that the QPS has implemented the following:

- All sponsorship money for Project Synergy events is now paid directly to the QPS, not to venues
- Separate internal order numbers have been created for the individual activities of Project Synergy. This will allow income and expenditure to be accurately recorded against each activity.

The QPS has developed a new guideline for hosting events. State Crime Command Instruction 'Approval for hosting Events with external sponsorship' outlines a new three-stage approach to events where external parties provide sponsorship to State Crime Command events:

---

45 State Crime Command Instruction 02/2015

1. 'In-principle' approval is obtained from the Assistant Commissioner, State Crime Command. An 'in-principle' report<sup>46</sup> is to be submitted to the Assistant Commissioner through the chain of command. This approval is required before any formal offers are made to external parties.
2. If 'in-principle' approval is granted, 'approval to proceed' must be obtained from the Assistant Commissioner before any funds can be spent on the event. Where event revenue or expenses are likely to be in excess of \$5,000, a costing needs to be attached to the proposal outlining a worst, middle and best case scenario. The proposal is then forwarded to the Finance Manager, State Crime Command, who will review the proposal and discuss with the Assistant Commissioner.
3. After the event is completed, an 'outcomes report'<sup>47</sup> is to be submitted to the Assistant Commissioner. The outcomes report, including actual revenue and expenses figures, should be sent to the Finance Manager for confirmation and then forwarded to the Assistant Commissioner.

As outlined above in 'Sponsorship' (page 13), section 8.3 of the QPS Management Support Manual has been updated in relation to sponsorship. Sponsorship is now to be coordinated by an officer from the Planning and Performance, Organisational Capability Command, in consultation with the ESC.

The changes already implemented by the QPS address some of the issues identified during the CCC investigation.

## PROCEDURAL RECOMMENDATIONS

In addition to the recommendations in this report, the CCC made the following procedural recommendations to the QPS as part of our investigation report:

1. Implement an audit and review process directed at identifying and preventing excessive or extravagant expenditure to ensure FMPM and Code of Conduct compliance;
2. Review the process utilised to justify and approve travel expenditure for non-operational meetings and conferences, to ensure FMPM and Code of Conduct compliance;
3. Review the process utilised to justify and approve expenditure on gifts and merchandise, to ensure FMPM and Code of Conduct compliance;
4. Implement corporate credit card electronic approval options to ensure expenditure incurred on behalf of a supervisor is not subsequently approved by the same supervisor;
5. Implement and monitor sponsorship negotiation and agreement procedures to ensure compliance with the Queensland Government Sponsorship Policy (QGSP) and FMPM;

---

46 The 'In-principle' report will outline the nature of the event and its alignment to the Queensland Government priorities, the proposed location, timetable, availability of staffing resources, objectives to be achieved, potential categories of attendees, statement of intention regarding funding, any significant risks to the success of the event, plans for surplus funds, a cost benefit analysis, and any other information which may be necessary for the Assistant Commissioner to make a decision.

47 The 'outcomes report' is to address the degree to which the objectives outlined in the proposal were achieved, summary of participant feedback, problems or issues encountered in conducting the event, details of gifts and sponsorship given or received during the event for inclusion in registers, any recommendations for future events, plans for surplus funds, benefit realisation plan and any other information considered relevant. Actual event expenses and revenues are to be outlined and where costs differ materially from the 'middle case' scenario, an explanation should be provided.

6. Implement and monitor procedures to manage and account for sponsorship and external revenue to ensure compliance with the QGSP and FMPM;
7. Implement and monitor guidelines surrounding relationships with sponsors to mitigate risk, avoid conflicts of interest and ensure Code of Conduct compliance;
8. Implement and monitor guidelines to assess conflict of interest perceptions for external employment;
9. Conduct a cost and benefit analysis of Project Synergy to ensure expenditure and public perception standards comply with the Code of Conduct; and
10. Develop key performance indicators for Synergy activities aligned with QPS corporate objectives to ensure operational effectiveness and public interest measures are achieved.

The CCC expects the QPS will advise of the implementation or otherwise of the procedural recommendations in due course.

## CONCLUSION

---

The subject officers stated to the CCC they were not aware of a number of policies directly relevant to Project Synergy's work. The Detective Superintendent said because they were pioneering the process there was no policy in place and they had to manipulate some processes and develop 'work-arounds' to make things happen. This is not an acceptable or transparent practice.

By developing work-arounds in what they saw as a policy vacuum, Project Synergy officers created a significant fraud risk to the QPS. In the CCC's view, a lack of awareness of relevant policies or a gap in policies is not an acceptable excuse or defence. This is particularly true for senior officers engaged in fraud prevention work.

If there were not appropriate policies in place or the policies were difficult to find or understand, the officers should have taken some action to remedy the issue, rather than simply develop work-arounds. This conduct is inconsistent with the ethics values under the *Public Sector Ethics Act 1994* of promoting the public good, commitment to the system of government, and accountability and transparency.<sup>48</sup> In particular, the subject officers failed to demonstrate a commitment to effecting official public sector priorities, policies and decisions professionally and impartially.<sup>49</sup>

Without complying with government policies and procedures, obtaining sponsorship from external parties is an activity that carries a high risk of fraud. In September 2016, the CCC issued an updated Corruption Prevention Advisory 'Sponsorship Management'. The CCC's advisory states that fraud and corruption risks in sponsorship arrangements are increased by:

- the short term nature of many sponsored projects
- individual and organisational conflicts of interest
- the potential for diffuse or unclear responsibility and poorly defined accountabilities
- the difficulty of evaluating the benefits of the sponsorship to the sponsoring organisation
- the potential for gifts and benefits to be offered to influence decisions
- clashes between different organisational systems and cultures
- the likelihood of unsolicited offers
- the potential for sole supplier-situations
- the use of goods and services in-kind.<sup>50</sup>

Project Synergy officers did not appropriately manage this risk. A formal risk assessment was not conducted, there was no fraud prevention plan in place and internal records were incomplete and inaccurate. Project Synergy was not conducted transparently.

---

<sup>48</sup> Sections 7, 8, 9 *Public Sector Ethics Act 1994*

<sup>49</sup> Section 8(b) *Public Sector Ethics Act 1994*

<sup>50</sup> These same fraud and corruption risks were identified in the previous version of the advisory, published in June 2013 by the then Crime and Misconduct Commission.

When appropriately assessed and managed, sponsorship opportunities can provide a valuable opportunity for all parties involved. However they present risks to public sector organisations, which must strive to obtain best value for money, act transparently, encourage open and effective competition and use public funds efficiently.

To minimise the likelihood of fraud and corruption, public sector agencies must identify and control the risks associated with sponsorship arrangements within their code of conduct, policies, procedures and best practice standards.





**Crime and Corruption Commission**  
**QUEENSLAND**

**Crime and Corruption Commission**  
GPO Box 3123, Brisbane QLD 4001  
Level 2, North Tower Green Square  
515 St Pauls Terrace  
Fortitude Valley QLD 4006

Phone: 07 3360 6060  
(toll-free outside Brisbane: 1800 061 611)  
Fax: 07 3360 6333  
Email: [mailbox@ccc.qld.gov.au](mailto:mailbox@ccc.qld.gov.au)  
[www.ccc.qld.gov.au](http://www.ccc.qld.gov.au)