



Sponsorship management

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Introduction

Sponsorship is a business arrangement in which the sponsor agrees to have their name, products or services associated with the sponsored organisation's activities for a negotiated benefit in cash or kind, or a combination of both. The opportunities for public sector agencies using sponsorships to develop corporate partnerships are extensive. When properly considered and implemented they can provide all parties with positive and tangible returns.

However, they do present risks to public sector organisations which must strive at all times to obtain the best value for money, act transparently, encourage open and effective competition and make efficient use of public funds. Achieving this through sponsorship requires an awareness of the associated ethical and corruption risks, and high-level management skills. One of the most important aspects is managing the public perception of the arrangement.

Ethical standards

Any sponsorship you accept or provide should be compatible with your objectives, and **must** comply with the relevant legislation. The successful application of these legislative requirements will only be achieved through a strong ethical approach when managing the sponsorship agreement and in your regular dealings with all relevant parties.

A list of the references used for this Advisory appear at 'Further information and resources' (See page 4).



Before carrying out any sponsorship activities, you should review your operational readiness and conduct regular appraisals to ensure continuing best practice. Similarly, you should regularly review your sponsorship arrangements, and consider changes of circumstances, public opinion and the law.

Major corruption risks

The typical risks that accompany any business activity are present under sponsorship conditions. However, fraud and corruption risks 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

Strategies to prevent corruption

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

The following strategies are recommended when developing specific guidelines and internal controls to meet departmental objectives:

- Seek sponsorship through widely canvassed expressions of interest where appropriate.
- Ensure there is no real or apparent conflict between the objectives of the organisation and those of the sponsor, and between those making decisions about the arrangement within each party.
- Evaluate and select sponsorship proposals using predetermined criteria that fairly evaluate all potential sponsors.
- Execute a suitable form of contract or written arrangement.
- Fully document sponsorship proposals and negotiations, and ensure approvals and commitments are transparent and made under appropriate delegation levels.
- Permit sponsorship only if there are sufficient resources to fulfil the resulting obligations, including adequate reporting to ensure all parties are kept informed.
- Evaluate the performance of sponsorship products or services against an agreed set of performance criteria both during and at the conclusion of the arrangement.

The Queensland Government Sponsorship Policy also outlines some pitfalls of sponsorship management, and recommends that agencies:

- avoid any sponsorship arrangements that might impede their ability to function impartially
- avoid seeking or accepting sponsorship from anybody that they regulate, license or inspect
- avoid explicitly endorsing a sponsoring organisation or its products
- prohibit staff from seeking or receiving personal benefits from a sponsorship relationship.

Managing conflicts of interest

Sponsorship may give rise to actual or perceived conflicts of interest involving both the agency and/or an individual employee. For an individual, this includes any conflict between official duty and private interest. To effectively manage any such conflict, everyone involved in a sponsorship activity must clearly identify and declare any actual or perceived conflict of interest that arises during development and negotiation of the arrangement, regardless of whether they have previously declared and registered this.

At the agency level, there is a risk that its activities will be compromised by the influence of a sponsor. To manage this risk, agencies should carefully consider:

- the probity of the sponsorship partner, and the compatibility of its objectives and business practices with agency and community standards
- the likelihood of any future regulatory role in relation to the sponsorship partner or its associates.

Developing the process

Sponsorship is a business arrangement subject to various obligations and ethical principles. When presenting the business case for the contract, it is therefore of paramount importance to have an appropriate process which clearly sets out and evaluates the arrangement.

A similar process should be used for developing each sponsorship. The following table shows the key steps to be undertaken.

Establish the sponsorship program	Develop a sponsorship policy that includes procedures for risk assessment and project management.
Examine and generate opportunities	Explore opportunities to fulfil your objectives and provide the intended benefits.
Assess the risks	Consider the opportunities to determine what, when, where and how things could go wrong. In the process, develop suitable contingency plans and responses to risks.
Prepare proposal(s)	Develop, cost and properly document proposals to ensure effective selection and good administrative practices.
Develop and execute agreement(s)	Prepare written sponsorship agreements that reflect the value and significance of the project. Letters of agreement will suffice for projects under the value of \$10,000, although for a more complex understanding you should prepare a formal contract supported by legal and financial opinions. Note: Government agencies and departments must use the Queensland government sponsorship agreement.
Administer project(s)	Ensure you have a well prepared, well organised and accountable team that can operate with integrity and realise a successful outcome for all parties.

Managing the arrangement

Sponsorship can be complex, especially if a dispersed organisation or multiple business units are conducting independent activities. In managing these arrangements, robust procedures and operating practices that enhance open and objective decision making will minimise opportunities for fraud and corruption. Factors determining how much supervision is required include the organisational culture and effective established controls. Particular areas to review are:

- the clarity and relevance of delegations
- definitions of roles and responsibilities
- staff training in the various work processes, and correct application of benefits
- practical use of supervisory controls
- coordination and compliance measures
- random operational or internal audits
- strong communication channels, and formal accountability and reporting requirements
- consistent reporting standards
- the likelihood that more senior management may bypass or improperly override established controls.

Successful sponsorship management must therefore 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
- agreed regular reporting during the project to enable performance under the agreement to be monitored.
- post-sponsorship evaluation, and ongoing evaluation for long-duration arrangements
- a reporting framework that meets 'Right To Information' and other accountability requirements.

Further information and resources

Legislation, policy and guidance:

- [Queensland Government Sponsorship Policy October 2015](#)
- [Public Sector Ethics Act 1994](#) (especially the principles of promoting the public good, and accountability and transparency).
- [Department of Housing and Public Works 2013, Queensland procurement policy](#)

To ensure you gain the most from this advisory, the CCC advises that you read your organisation's policies and procedures on this topic.



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Please contact us if you would like further detailed guidance and information on any aspect of this advisory.

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