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INDEPENDENT
COMMISSION
AGAINST
CORRUPTION

Sponsorship in the public sector

**A guide to developing
policies and procedures
for both receiving and
granting sponsorship**

MAY 2006



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ISBN 1 920726 86 1

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Caveat on use of this publication

This publication provides readers with advice, guidance and/or recommendations regarding specific governance issues.

The advice contained herein relates to what the ICAC considers at the time of publication to be best practice in relation to these issues. It does not constitute legal advice, and failure to implement the advice, guidance and recommendations contained herein does not constitute corrupt conduct, which is defined in the *Independent Commission Against Corruption Act 1988*.

Public sector organisations are welcome to refer to this publication in their own publications. References to and all quotations from this publication must be fully referenced.

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Acknowledgements

Deirdre Cooper, Senior Corruption Prevention Officer at the Independent Commission Against Corruption, was the principal author of this report. Dr Rigmor Berg conducted the survey that contributed to its preparation.

The Independent Commission Against Corruption would like to thank all the individuals who responded to the survey and the agencies that took part in the follow-up process.

We would also like to give special thanks to the following agencies who provided feedback on the final draft:

- Crime and Misconduct Commission, Queensland
- Department of Education and Training, NSW
- Shoalhaven City Council, NSW
- Western Sydney Area Health Service, NSW

The majority of their suggestions have been incorporated into the publication.

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Commissioner's foreword

The Independent Commission Against Corruption has statutory functions to generally advise and assist public sector agencies on methods of reducing the risks of and opportunities for corrupt conduct. In particular, the Commission may generally examine and review methods of work or procedures which may be conducive to corrupt conduct. To discharge these statutory obligations, the Commission provides a range of corruption prevention advice resources that target specific sectors or issues such as sponsorship.

The Commission's earlier guidelines on sponsorship, *And Now a Word from our Sponsor*, were published in 1995. Since that time, there has been increasing pressure on agencies to become more self-funding. The Commission felt that because of this pressure, the amount and complexity of sponsorship activity could have increased in the public sector. Certainly, the ICAC's extensive study of corruption risks in the public sector, *Profiling the NSW Public Sector* (2003), revealed that many agencies considered sponsorship a risk area in terms of corruption.

We have reviewed those earlier guidelines to ensure they meet agencies' needs in 2006 and beyond. Agencies that engage in sponsorship activities need adequate policies, procedures, practices and resources, without which agencies are more susceptible to corrupt conduct and perceptions of corrupt conduct.

We have provided a definition of sponsorship and outlined 10 general principles to be considered when entering into individual sponsorship arrangements and when developing or updating sponsorship policies and procedures.

The Commission recognises that NSW public sector agencies have different sponsorship needs and requirements and in consequence, this publication does not prescribe a single approach to managing sponsorship. Rather, the Commission believes it is a matter for each public sector agency to determine the specific rules and procedures it will adopt in respect of managing sponsorship.

We have, however, also provided some practical guides to help agencies formulate their own policies and procedures on sponsorship as effectively as possible. I hope that this practical approach is of use to your agency.

A handwritten signature in black ink, appearing to read 'J. Cripps', with a long horizontal stroke extending to the right.

The Hon Jerrold Cripps QC
Commissioner

Introduction

Agencies face a number of corruption risks when engaging in sponsorship arrangements. One of the main risks relates to conflicts of interest which could arise for a number of reasons, including differences between the goals of the agency and the sponsor, or the conflicting interests held by an agency staff member involved in the sponsorship. Another risk is that the sponsorship arrangement could affect, or be perceived to affect, the way the agency operates. For example, it could impose conditions that limit, or seem to limit, the agency's ability to discharge its duties fully and impartially.

This publication discusses the issue of sponsorship and aims to provide some practical assistance to NSW public sector authorities in managing this issue. It has been produced to raise awareness of this issue and its associated corruption risks, and to suggest strategies that agencies can adopt to address them.

The Commission's sponsorship principles, which form the introductory section of this publication, have been updated in response to feedback from the public sector and to reflect the commercial realities facing the public sector in 2006 and beyond.

The two coloured sections of this publication contain guides to developing and writing policies and procedures for both receiving and granting sponsorship. They have been designed in a practical, easy-to-follow way to lead the reader through this process. In addition, they give detailed guidance on the content and structure of sponsorship policies based on the ICAC's sponsorship principles and general principles of good corruption prevention practice. The "Receiving sponsorship" section also includes a list of options that agencies can explore when actively seeking sponsorship.

Since the ICAC recognises that NSW public sector agencies have different sponsorship needs and problems, this publication does not prescribe a single approach to managing sponsorship. For this reason, the advice and guidance are aimed at helping agencies to identify their own issues and to determine the most appropriate strategies for them to address the risks they may face. While the policy and procedures guides are deliberately comprehensive to meet the needs of as many agencies as possible, agencies that do not require this level of detail can modify the guides to meet their own needs.

The ICAC recommends that agencies involved in sponsorship activity undertake a risk assessment for each sponsorship arrangement and that they include sponsorship in their risk management plans.

We also recommend that agencies approach sponsorship as they would any other contractual arrangement with respect to probity, administration, evaluation and overall management.



THE SPONSORSHIP PRINCIPLES

What is sponsorship?

- Sponsorship is a commercial arrangement in which a sponsor provides a contribution in money or in kind to support an activity in return for certain specified benefits. Sponsorship can be provided:
 - by the corporate sector or private individuals, in support of a public sector activity, or
 - by the public sector in support of related and worthwhile private or public sector activities.
- Sponsorship does not include:
 - the selling of advertising space
 - joint ventures
 - consultancies
 - grants (in regard to received sponsorship)
 - unconditional gifts, donations, bequests or endowments.
- Sponsorship is not philanthropic. A sponsor expects to receive a reciprocal benefit beyond a modest acknowledgement.

Ten sponsorship principles

1. A sponsorship agreement should not impose or imply conditions that would limit, or appear to limit, a public sector agency's ability to carry out its functions fully and impartially.

Sponsorship should not hinder or influence the way an agency operates. An agency should continue to carry out its functions fully and impartially, regardless of the sponsorship agreement or the interests or business of the sponsor or sponsorship recipient. Agencies should ensure this principle is fully understood by all other parties in the sponsorship arrangement.

2. There should be no actual conflict between the objectives and/or mission of the sponsored agency and those of the sponsor.¹

Before entering into a sponsorship arrangement, an agency should ensure that the values and objectives of the potential sponsor or sponsorship recipient or its parent company do not conflict with those of the agency. There should be provision in the sponsorship agreement for an agency to terminate the agreement during the term of the agreement if these values or objectives change in a way that could pose a conflict of interest for the agency.

3. In general, a public sector agency with regulatory or inspection responsibilities should not seek, or accept sponsorship from people or organisations which are, or may be, subject to regulation or inspection by the agency during the life of the sponsorship. Where adhering to this principle would unduly limit the agency's sponsorship prospects, the agency should develop alternative strategies to ensure it can carry out its regulatory or inspection responsibilities in relation to sponsors in an open, fair, accountable and impartial manner.

The Commission believes that, in general, agencies should not accept sponsorship from or grant sponsorship to parties subject to or likely to be subject to their regulation or inspection. However, it is recognised that agencies may have difficulty attracting sponsorship if they adhere to this principle in all cases. For example, an agency may find that sponsorship for a particular event or activity is only forthcoming from parties it regulates or inspects or is likely to regulate or inspect. When considering whether to enter into a sponsorship arrangement with such a party, the agency should consider the best interests of the public, public accountability, public perceptions and the potential risks as well as the potential benefits. Agencies that enter into such arrangements should take appropriate action to manage the risks, for example:

- The agency should record the circumstances resulting in this decision and its decision-making process.
- The agency should have a policy and procedures in place to ensure it carries out its functions in regard to such parties in a fair, accountable, open and

¹ Further guidance on conflicts of interest may be found in the joint ICAC/CMC publication *Managing Conflicts of Interest in the Public Sector Toolkit* (2004).

impartial manner. At a minimum, the agency should ensure that the people or division involved in the sponsorship arrangement have no involvement in the regulation or inspection of the party or in general. The agency could also consider using an independent person or body outside the agency that can carry out the regulatory functions impartially and provide a report to the agency. To promote transparency, agencies should consider placing this policy on their website.

- Agencies involved in sponsorship activities should also have procedures in place in the event that a sponsor or sponsorship recipient becomes subject to the agency's regulation or inspection while the sponsorship arrangement is in effect. The procedures should ensure the agency carries out its functions in regard to this party in a fair, accountable, open and impartial manner. The sponsorship agreement should give the agency the option of terminating or suspending the sponsorship arrangement in such cases if it is appropriate.
- All parties should understand clearly that the sponsorship arrangement has no bearing on the agency's exercise of its regulatory or inspectorial functions. This should be clearly stated and acknowledged in all documentation including the sponsorship agreement and the agency website.

4. Sponsorship of a public sector agency or activity should not involve explicit endorsement of the sponsor or the sponsor's products.

The act of entering into a sponsorship arrangement with a sponsor or sponsorship recipient in itself sends an implicit message of endorsement of the sponsor and its products by the agency. This credibility is one reason that the private sector seeks to sponsor government agencies. Agencies cannot control this perception and for this reason must be careful in their choice of sponsors or sponsorship recipients. However, agencies can take steps to ensure they do not explicitly endorse a sponsor or sponsorship recipient or their products and the sponsorship agreement should clearly state this.

An example of explicit endorsement would be a school that receives sponsorship from a stationer stating to students that particular stationery products are superior to others.

5. Where sponsorship involves the sponsor providing a product to the agency, the agency should evaluate that product for its fitness for purpose against objective criteria that are relevant to the agency's needs.

Agencies should be careful not to accept a sponsor's products simply because they are offered free of charge: this could result in implicit endorsement of a sub-standard product. The agency should ensure the product is of the type and quality that it requires before it agrees to accept sponsorship.

6. It is inappropriate for any employee of a public sector agency to receive a personal benefit from a sponsorship.

This principle should be included in the agency's code of conduct. Sponsorship should not benefit individual staff but must be used in the public interest. Where a benefit provided by a sponsor is used by an individual staff member, for example, attendance at a conference, the agency should minimise the possibility of perceptions that a personal benefit was given to an individual public official. For example:

- The sponsorship should be offered to and negotiated with the agency, not the individual public official.
- The agency, not the sponsor, should select the individual to receive the benefit (such as attendance at a conference).
- If there is a regulatory relationship with the sponsor, the individual selected should not be involved in that regulatory function.

7. In most circumstances, the public interest is best served by making sponsorship opportunities widely known. To this end sponsorships should be sought and granted by using broadly based, open processes that are not limited solely to invited sponsors.

The ICAC maintains that open tendering is the most appropriate method in most cases, particularly if there is keen interest in sponsorship, or the event or activity that is attracting the sponsorship interest is particularly significant. However, the Commission accepts that open tendering can sometimes be problematic for a number of reasons. For example, a one-off opportunity of considerable benefit that requires quick action may be lost to the agency during the time taken by a tender process.

While open tendering may not always be appropriate, agencies should still strive to maintain an open approach to sponsorship that provides equality of opportunity to would-be sponsors and maximises the potential public benefit. They should select the most open strategy that is appropriate for the particular circumstances. See the section "Seeking sponsorship or receiving unsolicited proposals" on pages 29 and 30 for examples of such strategies.

In some cases, for example if sponsor interest is poor or restricted to potential sponsors with highly specialised characteristics, agencies may determine that dealing directly with potential sponsors is most appropriate.² In such cases, they should record the nature of the circumstances, their decision-making process and their strategies for addressing the potential corruption risks.

Unsolicited proposals from potential sponsors pose additional risks for agencies; for example, it is often difficult to assess the value of the proposed sponsorship if you cannot compare it with the market. Agencies should assess all such unsolicited proposals carefully and ensure that both the potential sponsor and the proposal meet all the agency's requirements. If possible they should commission an independent market scan to obtain an

² Further guidance on direct negotiations may be found in the Commission's publication *Direct negotiations: Guidelines for managing risks in direct negotiations* (2006).

indication of market value. If an agency decides to accept the proposal, it should record the circumstances in the same way as it would when dealing directly with potential sponsors.

Open processes should also be used for the granting of sponsorship for the same general reasons as apply to seeking sponsorship.

8. Public sector agencies should assess sponsorship proposals against predetermined criteria which have been published in advance or which are circulated to organisations that submit an expression of interest.

Agencies that are interested in attracting sponsorship should develop general criteria against which they will assess potential sponsors. They should make this information widely available, for example on the agency website. They should include these general criteria plus any additional criteria specific to a particular sponsorship opportunity with the tender or expression of interest information packages.

Agencies should also fully document their assessment process and the reasons for their decisions.

9. A sponsorship arrangement is a contract and should be described in a written agreement.

Sponsorship agreements are legally binding contracts and should be prepared and administered by staff who are appropriately trained. This training should include basic contract administration and commercial dealings with the private sector. We have provided guidance in this publication on the sorts of matters that could be covered by sponsorship agreements (see pages 27 and 42).

10. All sponsorship arrangements should be approved by the CEO or another designated senior officer of the agency and described in the agency's annual report in a form commensurate with the significance of the sponsorship.

In larger or decentralised agencies, sponsorship may be undertaken at regional or even local levels as well as centrally. Such agencies should therefore clarify the circumstances in which regional or local managers may approve or grant sponsorship and ensure that these managers have the appropriate delegations to enter into sponsorship agreements.

These agencies should also maintain a database of sponsorships. Where a centralised database is not practical, regional and local managers with the delegation to approve sponsorships should be required to maintain their own sponsorship databases and the agencies should have reporting systems that allow this data to be collected for internal audit programs and annual reports.

GUIDES FOR DEVELOPING SPONSORSHIP POLICIES, PROCEDURES AND AGREEMENTS



How to use these guides

The two coloured sections which follow contain policy and procedure development guides designed to help agencies write their policy and procedures for receiving and granting sponsorship.

Each coloured guide contains a series of steps marked by the symbol >>>. Each step refers to an issue that many agencies engaging in sponsorship activity often need to consider.

The ICAC recognises that agencies vary considerably in size, and in the value and amount of sponsorship activity they engage in. Consequently, the following guides are not policy templates. It would not be practical or necessary for every agency to include every step of the policy and procedures guides in their own documents.

However, it is important that all agencies involved in sponsorship activity develop sponsorship policies and procedures that are consistent with the sponsorship principles discussed earlier. To assist agencies in this regard, the guides identify those steps that directly relate to a particular sponsorship principle.

Some steps do not relate directly to a sponsorship principle but would be beneficial to include in your own policy and procedures documents. We believe that where it is relevant to your agency, it would be good practice and increase your corruption resistance to include these steps in your policy and procedures.

The steps also include examples and hints to further assist you to develop your sponsorship policy and procedures.



Guide on receiving sponsorship

Developing a policy for receiving sponsorship

Setting up the administration

»»» Include the following administrative information in your policy:

Implementation date:

Proposed review date: (we recommend every two years)

Contact officer: (the person to whom questions about the policy and procedures should be directed)

Relevant legislation: (Agencies may have legislation that applies specifically to them. Some may have no relevant legislation.)

Related policies/documents: e.g. code of conduct, risk management plan, corporate plan, audit policy, information management policy, financial management policy

Responsible division: (name of division responsible for managing the policy)

Introduction

- »»» This section should generally describe why your agency would seek and accept sponsorship and how sponsorship arrangements would benefit your agency and the public.

Defining sponsorship

- »»» A sponsorship policy should include a definition of sponsorship. You could use the Commission's definition on page 8 or adapt that text to meet your specific requirements.

Risk management

- »»» It is good practice to provide that sponsorship activity will be included in your risk management policy and process. This will assist you to determine the risks you face when engaging in sponsorship, the treatment options to address these risks, and the responsibilities and timeframes for action.
- »»» Undertake a risk assessment for each potential sponsorship arrangement as it is proposed in order to determine the risks posed and assess whether these risks are acceptable and can be managed.

Examples:

Risks could include:

- conflicts of interest
- sponsorship that does not eventuate
- embarrassment to your agency and/or the government
- agency influenced or perceived to be influenced by a sponsor
- agency endorses or appears to endorse a sponsor's product.

Roles, responsibilities and resources

- »»» In accordance with Principle 10, your policy should specify that final approval for all sponsorship arrangements should rest with your CEO or another designated senior officer of your agency.
- »»» Name all the divisions and staff positions authorised to take part in every stage of the sponsorship process and record their roles and responsibilities.

Hint: Consider local, regional and state levels of your agency where sponsorship activity occurs at these levels.

- »»» List any other resources that will be made available to the sponsorship process.

Hint: The total resources should be sufficient and suitable to enable the promised sponsor benefits to be delivered and to ensure the process is well managed.

Seeking and accepting sponsorship

- »»» In accordance with Principle 7, your policy should provide that your agency will seek sponsorship by using the most broadly based, open process that is appropriate for the particular sponsorship activity under consideration.

“Seeking sponsorship or receiving unsolicited proposals” on pages 29 and 30 explores some of the options agencies can consider to attract and obtain sponsorship and to handle unsolicited sponsorship proposals.

Suitable activities for sponsorship

- »»» Note the general types of events/activities that your agency may consider suitable for sponsorship.

Examples:

Typically suitable activities or events that could be sponsored are non-operational or non-core activities such as training, scholarships, awards, education, industry research, publications, exhibitions, trade shows and conferences.

- »»» Where applicable, indicate the types of sponsorship appropriate to local, regional and state levels in your agency.

Examples:

Activities sponsored at state level could include state-wide conferences or cultural events, while those sponsored at a local level could include local information days or support programs for individuals.

- »»» Define the types of events or activities that would **not** be suitable for sponsorship.

Example:

It would not be appropriate for a brewery to sponsor a school sporting event.

»»» In accordance with Principle 1, your policy should state that activities where sponsor involvement could compromise or be seen to compromise your agency's ability to exercise its role impartially on behalf of the community or could diminish the public's confidence are not suitable for sponsorship.

»»» **Acceptable sponsors**

Describe the attributes of an acceptable sponsor.

Examples:

Attributes of acceptable sponsors could include:

- Potential sponsors are reputable individuals or bodies.
- The objectives and products of potential sponsors do not conflict with the values and the objectives of your agency.
- Potential sponsors have an acceptable sponsorship record with your own or other agencies.
- Goods or services provided would benefit your agency and/or the general public and be of the type and quality that you require.
- The objectives and missions of potential sponsors' parent companies or subsidiaries do not conflict with those of your agency.

Hint: Examining the objectives of parent companies or subsidiaries may be relevant in some circumstances, for example because of the high dollar value of the sponsorship or the nature of the activity being sponsored.

»»» If your agency has regulatory or inspection responsibilities, your policy should state, in accordance with Principle 3, that in general you will not seek or accept sponsorship from people or organisations which are, or may be, subject to your regulation or inspection during the life of the sponsorship. If your agency believes there may be situations where adhering to this principle would unduly limit your agency's sponsorship prospects, your policy should state this and further:

- indicate what these situations would be
- state that the reasons for making such a decision should be clearly recorded by the CEO or delegated final approving officer
- state that you will implement alternative strategies to ensure you can carry out your regulatory or inspection responsibilities in relation to sponsors in an open, fair, accountable and impartial manner. To the extent possible, you should describe these strategies in your sponsorship policy.

Benefits to a sponsor

- »»» Specify the types of benefits a sponsor may receive.

Examples:

Benefits to a sponsor could range from naming rights, branding on event signage and complimentary tickets to an activity, to less tangible benefits such as corporate profile raising, higher staff morale and increased brand recognition.

Hint: You may provide different levels of benefit depending on the level of sponsorship. These could be arranged in standard packages and advertised on the website. For example, the Office of Western Sydney offers Platinum, Gold and Silver benefit packages to sponsors of its Western Sydney Industry Awards. The value of the benefit packages, which include certificates/plaques, complimentary tickets to the Awards functions and gala dinner, and promotional opportunities, increase with the level of sponsorship.

In accordance with Principle 5, your policy should provide that where sponsorship involves a sponsor supplying a product, that product should still be evaluated for its fitness for purpose against objective criteria that are relevant to your agency's needs.

In accordance with Principle 4, your policy should provide that your agency's acceptance of sponsorship will not involve explicit endorsement of the sponsor or the sponsor's products.

- »»» List the other benefits that your agency will expressly *exclude* in all situations.

Examples:

- Benefits to be excluded could include use of the sponsor name or logo on your agency letterhead, business cards, staff uniforms or building walls apart from signs for a specific event etc.

Benefits to your agency

- »»» List the benefits that receiving sponsorship would bring to your agency.

Examples:

Benefits to your agency might include:

- The connection with a reputable sponsor could enhance your agency's image and reputation.
- The sponsorship could make it possible for your agency to undertake beneficial non-core activities that could not otherwise be funded or undertaken to the same extent.
- The sponsorship could either reduce the cost of a particular event or activity or enable it, in the public interest, to be expanded or enhanced.
- The sponsorship could achieve greater community awareness or public profile for your agency, or for a particular service, program or product, than may otherwise have been possible.

Sponsorship brokers/commercial agents

- »»» If your agency undertakes activities that attract the interest of sponsorship brokers, it is good practice to describe the circumstances in which you would deal with a sponsorship broker.

Example:

Any commission arrangements should be between the sponsor and the broker, not your agency and the broker.

Hint: These would generally be higher profile events and activities.

Conflicts of interest³

- »»» A sponsorship policy should provide that any actual or potential conflicts of interest posed by a potential sponsorship arrangement be identified as part of the assessment process.
- »»» In accordance with Principle 2, your policy should state that your agency will not enter into sponsorship arrangements with a potential sponsor whose objectives and/or mission are in actual conflict with those of your agency.
- »»» Clearly state your agency's position in regard to other conflicts of interest that your risk assessment may identify.

³ More detailed guidance on policies and procedures for dealing with conflicts of interest can be found in the joint ICAC/CMC publication *Managing Conflicts of Interest in the Public Sector Toolkit* (2004).

Example:

These other conflicts could include conflicts arising from the personal relationships or financial arrangements of staff involved in sponsorship assessment, approval or administration.

- »»» A sponsorship policy should provide that when your agency decides to accept and manage such a conflict, you will record your decision-making process and the management strategies for managing the conflict.

Personal benefits

- »»» In accordance with Principle 6, your policy should state that:
 - no employee of your agency may seek or receive a personal benefit or be perceived to receive a personal benefit from a sponsorship
 - any contribution from the sponsor should go to the agency, not directly to an individual, and must be seen to benefit your agency, not an individual.

Example 1:

An example could be when a sponsor funds the cost of an agency staff member attending a conference. Although this may appear to benefit an individual, it is still a benefit to the agency as it increases the knowledge base of your agency. However, the sponsor should provide the funding to your agency, not to any individual staff member attending the conference, and the agency, not the sponsor, should select which staff member will attend.

Example 2:

An example of a personal benefit would be something a sponsor gives directly to an individual staff member from your agency for their personal use, which provides no benefit to your agency at all, such as tickets to a sporting event or a holiday.

Keeping track**Managing the sponsorship**

- »»» It is good practice to develop a management plan for each sponsorship arrangement.
- »»» Each sponsorship agreement should be prepared on the basis of the approved policy, procedures, delegations and stringent probity arrangements.

»»» In accordance with Principle 9, your policy should specify that:

- a written, legally binding sponsorship agreement must be prepared for each sponsorship arrangement
- each sponsorship agreement should be prepared by staff who are appropriately trained.

Example:

Appropriately trained staff could include your agency's legal unit or legal services provider.

»»» In accordance with Principle 1, your policy should state that a sponsorship agreement should not impose or imply conditions that would limit, or appear to limit, your agency's ability to carry out its functions fully and impartially.

"Developing a sponsorship agreement (when receiving sponsorship)" on pages 27 and 28 provides guidance on the sorts of matters a sponsorship agreement could cover.

Managing information

»»» Stipulate how information relating to sponsorship arrangements should be managed.

Examples:

Strategies to manage information could include:

- making information about sponsorships available to the public on request
- maintaining all information relating to a sponsorship in an agency file that is readily accessible for audit or inspection as required
- maintaining a database of all sponsorships. A central database may be impractical in your agency, for example because of the large number of local or regional offices that enter into sponsorship arrangements. In such cases, regional and local databases should be regularly maintained and be accessible to random and regular audit, and inspection by head office.
- maintaining a register of sponsorships to help agencies with their annual reporting responsibilities
- providing information to sponsors about your agency's expectations, objectives, ethical requirements, sponsorship opportunities, sponsor benefits, sponsorship guidelines and the criteria against which a proposal will be assessed. This can be done for specific sponsorships via a sponsorship proposal and in general on your website.
- ensuring everyone relevant to the sponsorship in your agency knows about the sponsorship
- reporting on all sponsorships in your annual report.

Financial administration

- »»» Stipulate your agency's requirements in relation to the financial administration of sponsorship arrangements.

Examples:

Financial administration requirements could include:

- allocating a financial cost or account code/job number to each sponsorship so that it can easily be identified in your agency's accounts and monitored
- preparing a regular income and expenditure statement and make it available as required
- subjecting money obtained through sponsorship to the same accountabilities as other public funds, for example, the *Public Finance and Audit Act 1983* or Treasurer's Directions
- ensuring that your agency receives value for money. Do not underestimate the value to the sponsor of association with your agency. If uncertain, your agency may consider undertaking an independent evaluation.
- ensuring the sponsorship arrangement is cost-effective. The effort and cost expended by your agency to secure and manage the sponsorship should be more than covered by the value of the sponsorship to your agency.

Hint: It may be appropriate to include here only those financial administration provisions specific to sponsorship and to refer to your agency's general financial administration requirements in the agency-wide policy.

Audit

- »»» It is good practice to provide that:
- sponsorship activity will be included in your annual audit program
 - you will conduct regular and random financial and performance audits in relation to sponsorship arrangements.

Developing procedures for receiving sponsorship

Publicising your criteria

- »»» It is good practice to provide that your agency will publicise the following as they are relevant to your agency:
 - your agency's criteria for an acceptable sponsor
 - the proper format for sponsorship proposals
 - the methods your agency will use to select successful sponsors
 - specific sponsorship opportunities as they arise, giving a due date for proposals and a contact person.
- »»» Indicate in your procedures how and when your agency will publicise this material and make it available to potential sponsors.

Example:

Material could be publicised via your website, in newspapers etc.

Seeking sponsorship

- »»» In accordance with Principle 7, your procedures should describe the methods your agency will use to attract offers of sponsorship and the types of circumstances in which they would be appropriate.

“Seeking sponsorship or receiving unsolicited proposals” on pages 29 and 30 explores some of the options agencies can consider to attract and obtain sponsorship and handle unsolicited sponsorship proposals.

Assessing sponsorship proposals

- »»» Describe the assessment process your agency will use to assess each sponsorship proposal.

Hint: Assess sponsorship proposals against your predetermined criteria, which you will have made available to all the potential sponsors.

Examples:

The process could include such factors as:

- a risk management assessment to determine what the risks are for your agency and whether these can be managed
- assessment of the costs and benefits to your agency and whether the benefits are sufficient to warrant entering into the arrangement. Some agencies may consider that the cost of managing and evaluating smaller sponsorships outweighs the dollar value of the sponsorship.
- assessment of the potential sponsor's ability to meet your agency's requirements
- assessment of the suitability and feasibility of the arrangement and of the resources required.
- assessment of actual or potential conflicts of interest between the potential sponsor and your agency.

Hints:

- *Identify each potential sponsor's corporate mission and objectives.*
- *Research its past and current commercial connections.*
- *Ask each potential sponsor to identify any actual, potential and/or perceived conflicts of interest.*
- *Check your staff conflicts-of-interest register to identify any potential conflicts within your own agency.*
- *Require staff involved in sponsorship to declare any conflicts as soon as possible after a potential sponsor declares an interest in a sponsorship arrangement.*

Approving sponsorship arrangements

- »»» Describe all stages of the process for approving sponsorship grants, including, in accordance with Principle 10, final approval by your CEO or another designated senior officer of your agency.
- »»» It is good practice to provide that the approval process would involve more than one person.

Hint: If your agency engages in frequent and/or high value sponsorship arrangements you could consider vesting approval in a sponsorship committee that includes senior management.

- »»» Include the approval procedures for sponsorship initiated at local and regional levels as well as centrally, including the circumstances in which you require central approval for a local or regional sponsorship arrangement.

Example:

Central approval might be required for naming rights, high dollar value or high-profile activities.

Preparing sponsorship agreements

“Developing a sponsorship agreement (when receiving sponsorship)” on pages 27 and 28 provides guidance on the sorts of matters a sponsorship agreement could cover. See also the policy and development recommendations on pages 14 to 22.

- »»» In accordance with Principle 9, your procedures should describe the process for developing a written sponsorship agreement.
- »»» Provide guidance to staff responsible for developing sponsorship agreements.

Example:

Guidance could include the minimum requirements to be included in all such agreements or sample agreements for different types of grants.

Hint: The level of detail required in the agreement should be commensurate with the size and complexity of the sponsorship arrangements.

Monitoring the sponsorship

- »»» Provide guidance to staff responsible for developing sponsorship management plans.

Example:

Guidance could include the minimum requirements to be included in all such management plans or sample plans for different types of grants.

Hint: The plan should address objectives, roles, responsibilities, communication, resources, timeframes, actions and outcomes.

- »»» It is good practice to:
 - assign an officer to monitor and record the progress of the sponsorship arrangement against this plan
 - ensure this officer incorporates this information into a report at the expiry of the arrangement and include the report in the evaluation report (described below).
- »»» It is also good practice to note that while the management plan could cover all sponsors associated with a smaller event or activity, larger sponsorships may require a separate plan for each sponsor.

Evaluating the sponsorship arrangement

- »»» Describe the process for evaluating a sponsorship arrangement.

Examples:

The process could include such steps as:

- evaluating the arrangement at the expiry of the term of the sponsorship agreement and prior to renewal
- evaluating the arrangement against the evaluation criteria set out in the sponsorship agreement
- preparing an evaluation report.

- »»» Describe the sort of information that should be in an evaluation report.

Examples:

The evaluation report could contain such information as:

- the results achieved against the objectives specified in the sponsorship arrangement
- how closely the terms of the sponsorship agreement were met
- the success of the event/activity
- whether the agency benefited from the arrangement
- whether either or both parties would wish to continue in a sponsorship relationship on the same or other ventures
- whether any conflicts of interest arose
- the cost–benefit ratio for your agency.

Developing a sponsorship agreement (when receiving sponsorship)

The Commission recommends that agencies should seek legal advice when developing a sponsorship agreement.

Depending on the nature of the particular sponsorship, some or all of the following provisions could be found in any sponsorship agreement:

- the objective of the sponsorship arrangement
- a clear description of the event/activity/project/enterprise being sponsored
- names of all parties to the agreement
- the term of the sponsorship and any conditions regarding renewal
- the benefits your agency agrees to provide. These should be discussed and described in detail to minimise argument. For example:
 - list the ways that the sponsor's logo will be used
 - clarify the size, colour and position of the sponsor's logo on any printed material
- whether the sponsor is the sole sponsor
- whether the sponsor is the major sponsor
- the amount, form and delivery of sponsorship payments, noting whether these are paid in instalments or linked to an event
- the obligations, rights and responsibilities of each party. For example, whether:
 - your agency is obliged to clear media releases with the sponsor
 - your agency has the right to control the use of its own name and logo
 - the sponsor has the right to veto the involvement of another sponsor
 - either party has the right to review the financial accounts
- agency statements:
 - your agency has the right to veto the content of any articles or advertising material developed by the sponsor, for example, to ensure it does not imply endorsement or future bias by your agency
 - your agency has final control over sponsored activities or events and associated personnel, for example the rules of competitions
 - the sponsorship is not to be regarded as a general endorsement by your agency of the sponsor's business activities
 - the sponsorship has no impact on the proper and impartial exercise by your agency of its functions
- a dispute resolution process
- liaison personnel both in your agency and the sponsor

- financial accountability requirements
- confidentiality terms
- reporting requirements of both parties, including format, frequency and standard of reporting
- whether the sponsor can view your agency's strategic plan or other documents
- what information the sponsor can have about current or past sponsors
- the ownership and use of any intellectual property created as a result of the sponsorship, for example, the results of sponsored research
- refund or replacement arrangements if either party is unable to fulfil its obligations
- termination clauses, particularly important in high dollar value arrangements. These should specify the events that could lead to termination, such as:
 - a change in the sponsor's corporate mission
 - if the sponsor becomes subject to your agency's regulation or inspection
 - a merger or other event that causes a conflict of interest
 - any action by the sponsor that results in public criticism/bad publicity and reflects badly on your agency or brings its probity into question
- payment of GST
- evaluation criteria, including audit and finance requirements
- sponsor statements, for example:
 - that the sponsor is not aware of any actual, potential and/or perceived conflict of interest with your agency's objectives
 - that the sponsor is not aware of any actual, potential and/or perceived conflict of interest relating to agency staff involved in the sponsorship arrangement
 - that it has not made or received any payments or inducements to or from your agency or any of its staff
 - that it will not provide any personal benefits to any of your agency's employees
- conditions for renewing the sponsorship, including that the sponsorship must be evaluated and meet the evaluation criteria in the agreement before renewal can be considered
- financial accountability requirements
- in cases where the sponsor is a body regulated by your agency, you must clearly state that the sponsorship relationship will not influence your agency's exercise of its regulatory or inspection functions in relation to the sponsor. Outline the strategies your agency has in place to deal with how it will exercise these functions as they relate to the sponsor. For example, a council could have a consultant or another council's planning department evaluate the development application (DA) of a council sponsor.

Seeking sponsorship or receiving unsolicited proposals

This explores some of the options agencies can consider to attract and obtain sponsorships. In accordance with Principle 7, agencies should use the most open, broad-based option appropriate to a particular sponsorship opportunity.

Advertise a general willingness to accept sponsorship

Advertise your agency's general willingness to accept sponsorship, for example, in state, regional or local newspapers as appropriate to the scope of your activities, in other publications that reach your target audience and on your agency website. The advertisements should provide a name and contact details, and should list your assessment criteria and process. Alternatively, give a web address where this information can be obtained.

Advertise your agency's willingness to accept sponsorship for particular events or activities

Each financial year, possibly in alignment with your budget planning process, your agency could identify all the activities/opportunities you feel are appropriate for sponsorship in the coming financial year and advertise for sponsors as above. The advertisements should provide details of the sponsorship opportunities, the benefits to the sponsor, the closing date for expressions of interest and your assessment criteria and process. Your agency could then deal directly with potential sponsors that respond and meet your agency's requirements.

Tenders/expressions of interest

These methods should be considered for all sponsorship proposals. In particular, large, high-profile or state-wide activities attracting substantial sponsorship amounts and vigorous sponsor interest may be best managed by competitive processes such as tenders or expressions of interest or other broadly based mechanisms not limited solely to invited sponsors. Where your agency considers tenders or expressions of interest inappropriate, the agency's decision-making process should be clearly recorded in the sponsorship file.

Direct approaches

Where advertising elicits insufficient or no response, agencies may consider making direct approaches to a number of potential sponsors that are considered appropriate for a particular event.

To a targeted group of sponsors

There may be situations, for example, where an agency considers that the most appropriate sponsorship arrangement would be with an organisation in a certain industry sector or a small number of sectors. In such cases, the agency

could canvass the potential sponsors in those sectors directly to ascertain their interest in sponsoring the event or activity.

Agencies that choose this approach should ensure they clearly record their reasons for not using the more open “expression of interest” approach. They should also ensure that they include all potential sponsors in their approach in order to avoid claims of exclusion or favouritism from organisations not offered the sponsorship opportunity.

To a single sponsor

There may be situations where time is limited, for example, or the activity is of interest only to one potential sponsor. In these circumstances, your agency may decide that the direct approach, as above, is the only possible method of obtaining sponsorship.

Such cases, however, should be the exception rather than the rule, and your agency should record why the direct approach method was necessary and why other, more open methods would not have been successful.⁴ The agency should also review each case to determine whether it highlighted the need for changes to policy and procedures that might allow the agency to use a more open process in a similar situation in future.

Unsolicited proposals

These are proposals that are initiated by a potential sponsor and are not in response to any action that your agency has taken.

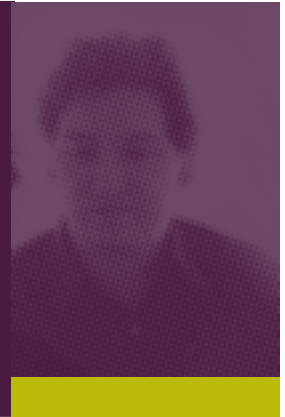
Your agency should carefully consider such offers to ensure that the potential sponsor meets your agency’s requirements and standards, there are no conflicts of interest and that your agency will not obtain better value for money by expressions of interest or other market testing.

Your agency should define the circumstances in which you may decide to accept such offers without testing the market for other offers, for example, where the offer comes from a sole supplier or deadlines prohibit any further market testing.

In such situations, your agency should clearly record its reasons for accepting the offer and not conducting an open market process.

⁴ Further information on direct negotiations may be found in the Commission’s publication *Direct negotiations: Guidelines for managing risks in direct negotiations* (2006).

Guide on granting sponsorship



This section is designed to help agencies write their policy and procedures for granting sponsorship. Each step refers to an issue that agencies engaging in sponsorship activity should consider. It includes examples and hints to help you complete each part of the policy and procedures in a relevant way for your agency.

Developing a policy for granting sponsorship

Setting up the administration

»»» Include the following administrative information in your policy:

Implementation date:

Proposed review date: (we recommend every two years)

Contact officer: (the person to whom questions about the policy and procedures should be directed)

Relevant legislation: (Agencies may have legislation that applies specifically to them. Some may have no relevant legislation.)

Related policies/documents: e.g. code of conduct, risk management plan, corporate plan, audit policy, information management policy, financial management policy

Responsible division: (name of division responsible for managing the policy)

Introduction

- »»» This section should generally describe why your agency would grant sponsorship and how these grants would benefit your agency and the public.

Defining sponsorship

- »»» A sponsorship policy should include a definition of sponsorship. You could use the Commission's definition on page 8 or adapt that text to meet your specific requirements.

Risk management

- »»» It is good practice to provide that sponsorship activity will be included in your risk management policy and process. This will help you determine the risks you face when granting sponsorship, the treatment options, responsibilities and the timeframes for action.
- »»» Undertake a risk assessment for each potential sponsorship grant as it is proposed in order to determine the risks posed and whether these risks are acceptable and can be managed.

Examples:

Risks could include:

- conflicts of interest
- embarrassment to the agency and/or the government
- the agency being influenced or perceived to be influenced by a sponsorship recipient
- the agency endorses or appears to endorse a sponsorship recipient's products or services.

Roles, responsibilities and resources

- »»» In accordance with Principle 10, your policy should specify that final approval for all sponsorship grants should rest with your CEO or another designated senior officer of your agency.
- »»» Name all the divisions and staff positions authorised to take part in every stage of the sponsorship process and record their roles and responsibilities.

Hint: Consider local, regional and state levels of your agency where this is appropriate.

- »»» List any other resources that will be made available to the sponsorship process.

Hint: The total resources should be sufficient and suitable to enable the promised sponsor benefits to be delivered and to ensure the process is well managed.

Granting sponsorship

Suitable activities for sponsorship

- »»» In accordance with Principle 7, your policy should provide that your agency will grant sponsorships using the most broad-based, open process that is appropriate for the particular activity under consideration.
- »»» Define the general types of events/activities that your agency might consider sponsoring.

Examples:

Suitable activities for sponsorship could include cultural or community events, community education, conferences, trade shows, scholarships, awards, research and publications.

- »»» Where appropriate, indicate the types or amounts of sponsorship that your agency could grant at local, regional and state levels.

Examples:

Activities sponsored at state level could include state-wide conferences or cultural events, while those sponsored at a local level could include local information days or support programs for individuals.

- »»» Define the types of events or activities that would **not** be suitable for sponsorship grants.

Example:

It would be unsuitable for a Department of Education to sponsor an event related to a brewery.

- »»» In accordance with Principle 1, your policy should state that activities where your agency's involvement as a sponsor could compromise or be seen to compromise its ability to exercise its role impartially on behalf of the community, or to diminish public confidence, would not be suitable for sponsorship.

Acceptable recipients of sponsorship

- »»» Describe the attributes of an acceptable recipient of your agency's sponsorship.

Examples:

Attributes of acceptable sponsorship recipients could include:

- reputable individuals or organisations
- individuals or organisations whose objectives and products do not conflict with the values and objectives of your agency
- individuals or organisations that may have been sponsored before by your agency or other agencies and whose prior sponsorship record is acceptable
- individuals or organisations whose objectives and mission, or those of their parent company or subsidiaries do not conflict with those of your agency.

Hint: Examining the objectives of parent companies or subsidiaries may be relevant in some circumstances, for example, due to the amount of the sponsorship or the nature of the activity being sponsored.

- »»» If your agency has regulatory or inspection responsibilities, your policy should state in accordance with Principle 3 that, in general, your agency should not sponsor an organisation that is or could be subject to your regulation or inspection during the life of the sponsorship. If your agency believes that there may be exceptional circumstances where you would grant sponsorship in such an environment, your policy should state this and further:

- indicate what these circumstances would be
- state that the reasons for making such a decision should be clearly recorded by the CEO or delegated final approving officer
- state that you will implement alternative strategies to ensure you can carry out your regulatory or inspection responsibilities in relation to grant recipients in an open, fair, accountable and impartial manner. To the extent possible, you should describe these strategies in your sponsorship policy.

Benefits to the sponsorship recipient

- »»» Specify the types of benefits your agency's sponsorship would provide to a sponsorship recipient.

Example:

Benefits to the recipient could include building relationships with key agencies.

- »»» In accordance with Principle 4, your policy should provide that your agency will not explicitly endorse a grant recipient's organisation or products or allow it to use the agency logo outside of the terms of the sponsorship agreement.
- »»» List the other benefits that your agency will expressly *exclude* in all situations.

Benefits to your agency

- »»» Indicate the range of benefits that providing sponsorship to individuals or organisations would bring to your agency.

Examples:

Benefits to your agency could include opportunities to promote your key messages, programs and activities, build relationships with stakeholders, and benefit the community in accordance with your overall mission and goals. They may also include less tangible benefits such as raising the profile of your agency and higher staff morale.

Conflicts of interest⁵

- »»» A sponsorship policy should provide that any actual or potential conflicts of interest posed by the potential sponsorship arrangement be identified as part of the assessment process.
- »»» In accordance with Principle 2, your agency should state that it will not grant sponsorship to potential sponsors whose objectives and/or mission are in actual conflict with those of your agency.
- »»» Clearly state your agency's position in regard to other conflicts of interest that your risk assessment may identify.

Example:

These other conflicts could include conflicts arising from the personal relationships or financial arrangements of staff involved in sponsorship assessment, approval or administration.

- »»» A sponsorship policy should provide that when your agency decides to accept and manage such a conflict, you will record your decision-making process and the management strategies for managing the conflict.

⁵ More detailed guidance on policies and procedures for dealing with conflicts of interest can be found in the joint ICAC/CMC publication *Managing Conflicts of Interest in the Public Sector Toolkit* (2004).

Personal benefits

- »»» In accordance with Principle 6, your policy should state that no employee of your agency may seek or receive a personal benefit or be perceived to receive a personal benefit as a result of a sponsorship grant.

Example:

An example of a personal benefit would be something a recipient gives directly to an individual staff member in your agency for their personal use, which provides no benefit to your agency at all, such as tickets to a sporting event or a holiday.

Keeping track

Managing the sponsorship

- »»» It is good practice to develop a management plan for each sponsorship grant.
- »»» In accordance with Principle 9, your policy should specify that:
 - a written, legally binding sponsorship agreement must be prepared for each sponsorship grant
 - each sponsorship agreement should be prepared by staff who are appropriately trained.

Example:

Appropriately trained staff could include your agency's legal unit or legal services provider.

- »»» Each sponsorship agreement should be prepared on the basis of the approved policy, procedures, delegations and stringent probity arrangements.
- »»» In accordance with Principle 1, your policy should state that a sponsorship agreement should not impose or imply conditions that would limit, or appear to limit, a public sector agency's ability to carry out its functions fully and impartially. "Developing a sponsorship agreement (when granting sponsorship)" on pages 42 and 43 provides guidance on the sorts of matters a sponsorship agreement could cover.

Managing information

- »»» Stipulate how information relating to sponsorship grants should be managed.

Examples:

Strategies to manage information could include:

- making information about sponsorship grants available to the public on request
- maintaining all information relating to a sponsorship grant in an agency file that is readily accessible for audit or inspection as required
- maintaining a database or register of all sponsorship grants. A central database may be impractical in your agency, for example because of the large number of local or regional offices that enter into sponsorship arrangements. In such cases, regional and local databases should be regularly maintained and be accessible to random and regular audit, and inspection by head office. Maintaining a register of sponsorships will also help agencies with their annual reporting responsibilities.
- providing information to sponsorship recipients about your agency's expectations, objectives, ethical requirements, sponsorship opportunities, benefits, sponsorship guidelines and the criteria against which a proposal will be assessed
- ensuring that everyone in the agency relevant to the sponsorship grant knows about it
- reporting on all sponsorship grants in your agency's annual report.

Financial administration

- »»» Stipulate your agency's requirements in relation to the financial administration of sponsorship grants.

Examples:

Financial administration requirements could include:

- allocating a financial cost or account code/job number to each sponsorship grant so that it can easily be identified in your agency's accounts and monitored
- preparing a regular income and expenditure statement and make it available as required
- subjecting money granted through sponsorship to the same accountabilities as other agency expenditure
- ensuring that your agency receives value for money. Do not underestimate the value to the sponsorship recipient of association with your agency. You may consider undertaking an independent market evaluation if your agency is uncertain.

- ensuring the sponsorship arrangement is cost-effective. The effort and cost expended by your agency to grant and manage the sponsorship should be more than covered by the benefits of the sponsorship to your agency.

Hint: It may be appropriate to include here only those financial administration provisions specific to sponsorship and to refer to your agency's general financial administration requirements in the agency-wide policy.

Audit

- »»» It is good practice to provide that:
 - sponsorship grant activity will be included in your annual audit program
 - you will conduct regular and random financial and performance audits in relation to sponsorship grant arrangements.

Developing procedures for granting sponsorship

Publicising your criteria and inviting applications

- »»» It is good practice to provide that your agency will publicise the following:
 - your agency's interest in sponsoring other organisations, projects or events that meet your criteria
 - your agency's criteria for sponsorship grants
 - the application format for grants
 - the method your agency will use to select successful applications
 - invitations for applications from organisations or individuals that meet the criteria, giving a due date for applications and a contact person.
- »»» Indicate how and when your agency will publicise this material and make it available to potential grant applicants.

Example:

Material could be publicised via your agency's website or in newspapers etc.

Assessing applications for sponsorship grants

- »» Describe the assessment criteria and the assessment process your agency will use to assess each grant application. These criteria should be made available to the applicant organisations.

Examples:

The criteria could include such factors as:

- a risk management assessment to determine what the risks are for your agency if you sponsor this organisation or individual and whether these can be managed
- assessment of the costs and benefits to the agency. Determine whether the benefits are sufficient to warrant entering into the arrangement.
- assessment of the organisation's or individual's ability to meet your agency's requirements
- assessment of the suitability and feasibility of the arrangement and the resources required
- assessment of actual or potential conflicts of interest between the other organisation or individual and your agency, for example, the consistency of the other organisation's goals with those of your agency.

Hints:

- *Identify the organisation's corporate mission and objectives.*
- *Research the organisation's (or individual's) past and current commercial connections.*
- *Ask the organisation or individual to identify any actual, potential and/or perceived conflicts of interest they are aware of.*
- *Check your staff conflicts-of-interest register to identify any potential conflicts.*
- *Require staff involved in granting sponsorships to declare any conflicts as soon as possible after your agency signals its interest in a sponsorship arrangement with an organisation or individual.*

Approving sponsorship grants

- »» Describe all stages of the process for approving sponsorship grants, including, in accordance with Principle 10, final approval by your CEO or another designated senior officer.
- »» It is good practice to provide that the approval process involves more than one person.

Hint: If your agency engages in frequent and/or high dollar value sponsorship grants you should consider vesting approval in a sponsorship committee that includes senior management.

- »»» Include the approval procedures for sponsorship grants initiated at local and regional levels as well as centrally, including the circumstances in which you require central approval for a local or regional sponsorship grant.

Example:

Central approval could be required for high dollar value or high-profile activities.

Preparing sponsorship agreements

“Developing a sponsorship agreement (when granting sponsorship)” on pages 42 and 43 provides guidance on the sorts of matters a sponsorship agreement could cover. See also the policy and development recommendations on pages 14 to 22.

- »»» In accordance with Principle 9, your procedures should describe the process for developing a written sponsorship agreement.
- »»» Provide guidance to staff responsible for developing sponsorship agreements.

Example:

Guidance could include the minimum requirements to be included in all such agreements or sample agreements for different types of grants.

Hint: The level of detail required in the agreement should be commensurate with the size and complexity of the sponsorship grant.

Monitoring the sponsorship grant

- »»» Provide guidance to staff responsible for developing sponsorship management plans.

Example:

Guidance could include the minimum requirements to be included in all such management plans or sample plans for different types of grants.

Hint: The plan should address objectives, roles, responsibilities, communication, resources, timeframes, actions and outcomes.

»»» It is good practice to:

- assign an officer to monitor and record the progress of the sponsorship grant against this plan
- ensure this officer incorporates this information into a report at the expiry of the arrangement and include the report in the evaluation report (described below).

Evaluating the sponsorship grant

»»» Describe the process involved in evaluating a sponsorship grant.

Examples:

The process could include such steps as:

- evaluating the arrangement at the expiry of the term of the sponsorship agreement and prior to renewal (if renewal applies)
- evaluating the arrangement against the evaluation criteria set out in the sponsorship agreement
- preparing an evaluation report.

»»» Describe the sort of information that should be in an evaluation report.

Examples:

The evaluation report could contain such information as:

- the results achieved against the objectives specified in the sponsorship agreement
- how closely the terms of the sponsorship agreement were met
- the success of the grant event/activity
- whether the agency benefited from the arrangement
- whether either or both parties would wish to continue in a sponsorship relationship on the same or other ventures
- whether any conflicts of interest arose
- the cost–benefit ratio for your agency.

Developing a sponsorship agreement (when granting sponsorship)

The Commission recommends that agencies should seek legal advice when developing a sponsorship agreement.

Depending on the nature of the particular sponsorship, some or all of the following provisions could be found in any sponsorship agreement:

- the objective of the sponsorship arrangement
- a clear description of the event/activity/project/enterprise/person being sponsored
- names of all parties to the agreement
- the term of the sponsorship and any conditions regarding renewal
- the benefits your agency agrees to provide
- whether your agency is the sole sponsor
- whether your agency is the major sponsor
- the amount, form and delivery of sponsorship payments, noting whether these are paid in instalments or linked to an event
- the obligations, rights and responsibilities of each party. For example, your agency's rights could include:
 - the right to veto the content of any related articles or advertising material developed by the sponsored organisation
 - that the sponsorship is not regarded as a general endorsement of the business activity of the sponsored organisation
 - that the sponsorship has no impact on the proper and impartial exercise by your agency of its functions
 - the right to know the names of other sponsors and to withdraw sponsorship if a conflict of interest arises
- a dispute resolution process
- liaison personnel in the agency and the sponsored organisation
- financial accountability requirements
- confidentiality terms
- reporting requirements of both parties, including format, frequency and standard of reporting
- the ownership and use of any intellectual property created as a result of the sponsorship, for example, sponsored research

- refund or replacement arrangements if either party is unable to fulfil its obligations
- termination clauses, particularly important in high dollar value arrangements. These should specify the events that could lead to termination, such as:
 - a change in the sponsored organisation's corporate mission
 - a merger or other event that causes a conflict of interest
 - any action by the sponsored organisation that results in public criticism/bad publicity and reflects badly on your agency or brings its probity into question
- payment of GST
- evaluation criteria, including audit and finance requirements
- statements by the sponsored organisation, for example:
 - that it is not aware of any actual, potential and/or perceived conflict of interests with the agency's objectives or relating to agency staff involved in the sponsorship arrangement
 - that it has not made any payments or inducements to the agency or any of its staff
 - that it will not provide any personal benefits for any of the agency's employees
- conditions for renewing the sponsorship, including that the sponsorship must be evaluated and meet the evaluation criteria in the agreement before renewal can be considered
- in cases where your agency is sponsoring an organisation that it also regulates, clearly state that the sponsorship relationship will not influence your agency's exercise of its regulatory or inspection functions in relation to the sponsored organisation. Outline the strategies your agency has in place to deal with how it will exercise these functions as they relate to the sponsored organisation.

I·C·A·C

INDEPENDENT
COMMISSION
AGAINST
CORRUPTION

