



Government of **Western Australia**  
State Supply Commission

STATE SUPPLY COMMISSION

# **SPONSORSHIP IN GOVERNMENT GUIDELINES**

## **A HANDBOOK TO ASSIST PUBLIC AUTHORITIES**

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## THE SPONSORSHIP PROCESS – A SUMMARY

### SPONSORSHIP PROGRAM

- Develop public authority sponsorship policy
- Identify objectives
- Develop project management procedures where necessary (including monitoring and evaluating all outcomes and potential conflicts of interest)

### OPPORTUNITY

- Identify opportunities
- Identify benefits
- Identify outcomes
- Evaluate objectives

### RISK MANAGEMENT

- Identify risks (including legal liability, ethical issues, existing and potential conflicts of interest, adverse exposure to government)
- Assess probability/consequences of something going wrong
- Develop risk management strategy

### PREPARE PROPOSAL

- Comply with relevant Government supply policies and the principles of:
  - *Open and Effective Competition*
  - *Probity and Accountability*
  - *Value for Money*

### SPONSORSHIP AGREEMENT

- Ensure agreement complies with relevant Government and supply policies
- Ensure the agreement clearly identifies what is required of the parties and the benefits each will receive
- Ensure all relevant legal issues have been addressed
- Ensure ethical issues and potential conflicts of interest have been addressed
- Monitor and review agreement

## SPONSORSHIP IS A BUSINESS ACTIVITY

Sponsorship is the right to associate the sponsor's **name, products or services** with the sponsored organisation's service, product or activity, in return for negotiated and specific benefits such as cash or in-kind support or promotional opportunities. It involves a negotiated exchange and should result in tangible, material and mutual compensation for the principal parties to the arrangement. Sponsorship can take the form of cash and/or in-kind support.

Types of sponsorship include:

**In-kind sponsorship** is the provision or receipt of goods or services to support or enhance an initiative at a reduced rate or free of charge. These arrangements are also liable for GST.

**Incoming** sponsorship is when a public authority receives sponsorship monies from another party for an initiative and/or event.

**Outgoing** sponsorship is when a department provides sponsorship monies to another party for an initiative and/or event.

For the purposes of these guidelines the following are not considered to be sponsorship activities:

- grants or funding, which are monies or goods provided to a recipient through a **formally recognised program for a specified purpose**. A grant is normally understood as a form of financial assistance that assists an individual or organisation to develop a specific project, with no expectation of a commercial return or benefits.
- stand-alone advertising contracts;
- joint ventures, consultancies or partnerships in which the organisations share ownership and responsibility for the ultimate outcome or product;
- projects such as displays and exhibitions in which the sponsor does not receive genuine and measurable value for money;
- gifts, donations, bequests, endowments and prizes; and
- scholarships and research projects except where it could relate to or influence public policy.

Common purposes for **grants** are:

- improvement in the quality of life of citizens - this may be achieved by providing funding for the environment, recreation opportunities, the arts and education;
- reduction in public expenditure - this may be achieved by providing grants for research into cures for disease, road safety, community self-help groups and crime reduction;
- increasing economic outcomes for citizens - this may be achieved by providing grants for job creation, training, technology development and small business development.

Grants are the subject of a more complex process that includes formal requirements, evaluation of the submissions and assessment of the outcomes against the organisational objectives.

### **Seek Minister Approval where Appropriate**

Public authorities should seek the approval of the Minister responsible (or the Minister's delegate), for the administration of the public authority before considering entering into any sponsorship arrangements in the following areas:

- tobacco-related sponsorships;
- alcohol or drug-related sponsorship;
- where a potential sponsor could seek to use the sponsorship arrangement to influence legislation, public policy or the legislated role of the public authority concerned;
- events which duplicate or would compete with existing Government sponsorship projects (e.g. a second car rally or second golf tournament);
- projects which are likely to adversely affect the content or interpretation of the public authority's programs or services or may raise a conflict of interest;
- sponsorship of a political party;
- service organisations which may use the funds to sponsor or make a grant to a third party; and
- areas which have the potential to cause widespread public controversy.

Care should be taken to ensure that a sponsorship arrangement does not involve a public authority specifically endorsing a sponsor's product. Where a sponsorship arrangement is moving from a situation of acknowledgment of a sponsor's product to one of specifically endorsing the product, this should be referred by the Chief Executive Officer of the public authority, or in the case of a statutory authority the Board of Management, to the relevant Minister.

### **Sponsorship Principles**

Public authorities should consider the following when entering into a sponsorship agreement:

- a sponsorship agreement should not imply conditions that would limit, or appear to limit a public authority ability to carry out its functions fully and impartially;
- there should be no actual conflict between the objectives and/or missions of the public authority and the organisations providing or receiving sponsorship;
- in general, a public authority should not seek, accept or provide sponsorship to people and organisations which are or may become subject to regulation or inspection by the public authority during the life of the sponsorship;
- sponsorship in the public sector should not involve explicit endorsement of the sponsor or sponsor's products;

- where sponsorship involves the sponsor providing a product to the public authority, the public authority should evaluate that product for its fitness for purpose against objective criteria that are relevant to the public authority needs;
- it is inappropriate for any employee of a public authority to receive a personal benefit from a sponsorship;
- public authorities should make their sponsorship opportunities widely known and base them on open and fair processes;
- public authorities should assess sponsorship proposals against predetermined criteria which have been published in advance;
- a sponsorship arrangement is a contract and should be described in a written agreement; and
- all sponsorship arrangements should be approved by the CEO or other designated senior officer of the public authority. Sponsorship arrangements should also be included in public authorities' annual reports.

## **LEGISLATION AND POLICY REQUIREMENTS**

### **COMPLIANCE WITH RELEVANT LEGISLATION AND POLICY REQUIREMENTS**

Public authorities participating in receiving or providing sponsorship must comply with any relevant legislation and must comply with relevant Government policies, unless otherwise exempted.

### **RECEIVING SPONSORSHIP**

A public authority:

- where established by statute, must have the legislative authority to enable it to receive sponsorship;
- is required to observe supply policies particularly those concerning open and effective competition, integrity and value for money when participating in sponsorship arrangements;
- should ensure regular reviews of sponsorship arrangements are undertaken; and
- should assess and identify the benefits from sponsorship arrangements and take care to ensure that such arrangements do not restrict future opportunities to achieve greater benefits.

### **PROVIDING SPONSORSHIP**

A public authority:

- must demonstrate the required standard of accountability for expenditure of public moneys on sponsorship arrangements; and
- should ensure that the sponsored subject, event, organisation or otherwise is compatible with the public authority's role, business, goals, objectives and image.

## **LEGISLATIVE AND POLICY FRAMEWORK**

Where a public authority has enabling legislation, it must comply with any provision in the legislation, concerning receiving or providing sponsorship.

### **RECEIVING SPONSORSHIP**

#### ***State Trading Concerns Act 1916***

In the absence of enabling legislation to enter into sponsorship arrangements, the *State Trading Concerns Act 1916* may apply.

Where a public authority is seeking sponsorship and is unsure as to whether it has the necessary legislative authority, it should seek legal advice. Where an authorisation under the *State Trading Concerns Act 1916* is required, a public authority should direct inquiries to [info@treasury.wa.gov.au](mailto:info@treasury.wa.gov.au).

## **PROVIDING SPONSORSHIP**

### ***State Supply Commission Act 1991***

Sponsorship covers a range of activities that public authorities regularly undertake. Where a public authority engaged in providing sponsorship is also purchasing a good or a service, the *State Supply Commission Act 1991* may apply. In this situation the transaction involved with the sponsorship activity may be viewed as a contract under this legislation. However, activities such as **the provision of money, naming rights, sponsorship recognition on letterheads or similar** will not under normal arrangements, be considered as contracts for goods or services and would be outside the provisions of the *State Supply Commission Act 1991*.

Where a public authority considers that the Act may apply to a sponsorship activity or arrangement it should seek advice from the State Supply Commission or the State Solicitor's Office, before proceeding with the sponsorship arrangement.

## **LEGISLATION, GUIDELINES AND POLICIES APPLICABLE TO SPONSORSHIP ARRANGEMENTS**

### **LEGISLATION**

#### ***Goods and Services Tax Act 1999***

All sponsorship arrangements are subject to this Act.

#### ***Financial Management Act 2006***

Sets out public authorities' obligations in relation to financial administration and the collection of and accounting for public moneys;

***Treasurer's Instruction 825*** sets out the obligations of public authorities in relation to establishing suitable risk management practices and policies, due diligence and risk management.

#### ***Public Sector Management Act 1994***

Sets out Chief Executive Officer's functions and obligations in relation to managing the development of and the conduct of matters such as sponsorship activities, of Government Departments.

#### ***Freedom of Information Act 1992***

All sponsorship arrangements are subject to this Act.



## **POLICIES AND GUIDELINES**

### **STATE SUPPLY COMMISSION SUPPLY POLICIES**

- *Probity and Accountability;*
- *Value for Money; and*
- *Open and Effective Competition;*

### **GOVERNMENT POLICIES**

- *Buy Local Policy; and*
- *Any Government contract disclosure policy requirements.*

### **GUIDELINES**

- *AS/NZC ISO 31000:2009 – Risk Management – Principles and Guidelines.*

### **CODES**

- *Western Australian Public Sector Code of Ethics; and*
- *Public authorities' individual codes of conduct.*

### **Receiving Sponsorship**

Where a public authority is receiving sponsorship funding and using the sponsor's trademark it should use the mark in the form and manner approved by the sponsor or as set out in the sponsorship agreement.

### **Providing Sponsorship**

When engaged in sponsorship activities public authorities must ensure that any of their registered or unregistered trademarks (including names, logos and slogans) are properly used. All uses or depictions of a trademark must be in the form in which the mark is registered, or in the case of unregistered marks, in the form in which the mark is used by the public authority. The sponsorship agreement should clearly set out any requirements on the use of a trademark.

# THE SPONSORSHIP PROCESS

## DEVELOPING A SPONSORSHIP PROGRAM

A public authority intending to enter into sponsorship arrangements should:

- develop a sponsorship policy, including objectives;
- develop sponsorship project management procedures including:
  - an action plan for seeking and providing sponsorship (e.g. business areas suitable for sponsorship activities, acceptable internal costs, organisational objectives, crediting of sponsorship funds received, contingency plans);
  - a model for monitoring and evaluating progress of the overall program;
  - a model for monitoring, evaluating and treating potential and actual conflicts of interest.
- develop a sponsorship activity risk management model; and
- identify and prioritise specific projects suitable for sponsorship.

The sponsorship program developed will be proportionate to and depend to some extent on the size of the proposed sponsorship, the amount of money or services involved, the complexity, political sensitivity and risks involved in the project.

## IDENTIFYING BENEFITS OF SPONSORSHIP OPPORTUNITIES

Measurable marketing or corporate objectives and targets should be set for all sponsorships. The targets should be part of the approval process and performance should be measured regularly against the agreed targets. Both parties to the sponsorship agreement should work together to achieve the targets, which may include:

- improved product awareness and increased sales;
- wider spread messages;
- increased market share;
- introduction of new services to the market;
- corporate or service positioning;
- improved employee relations;
- enhanced public image;
- greater appeal to customers;
- effective reach to market segment;
- possible media coverage; and
- promotional opportunities.

**Other tangible benefits may include:**

- naming rights;
- signage;
- promotional, merchandising and networking rights;
- supply of goods or services at discount, at cost or contra;
- ceremonial involvement;
- hospitality;
- publicity and advertising opportunities;
- employee identification with the project;
- leveraging of other marketing or promotional activities through the sponsorship;
- future sponsorship options;
- employee achievement awards; and
- exclusivity.

## **VALUATION OF GOODS AND SERVICES, INCLUDING DISCOUNTED, AT COST OR CONTRA ITEMS**

Some sponsorship agreements include the supply of discounted or free goods or services, or contra items. Public authorities should be aware that Goods and Services Tax (GST) will apply to items that are provided to them by sponsors at a discount rate, at cost or contra so it is imperative that public authorities make sure that valuation of these items is accurate.

Where a public authority considers accepting discounted goods or services offered by a sponsor, it should apply the principles of open and effective competition before doing so. Consideration should be given to how value for money in relation to the goods or services is to be assessed, determined and achieved.

The supply of contra items is considered reasonable, provided:

- both parties can agree on an appropriate value for the items;
- any benefits are for the organisation and not individuals;
- the process is properly documented and managed; and
- accountability is maintained.

Reaching an appropriate valuation for contra items is crucial because it can affect the total value of the sponsorship. Examples of contra supplied by sponsors may include free radio or television time, free airline tickets, tickets to events, advertising space in newspapers and publications or free products such as computers, mobile telephones, drinks and other consumer goods.

The most practical approach is to value the goods at the price at which they can be bought in the marketplace. For instance, a radio station may play a free commercial and value it at peak rates but play it in an off-peak time slot. In this case the real value of the sponsorship would be based on the off-peak rates.

### **EXAMPLE: VALUATION OF GOODS AND SERVICES**

A public authority's program had been sponsored by an airline for several years. The agreement was for free tickets up to the value of \$40,000 to be available for 200 members of 37 community groups throughout WA to attend leadership courses in Perth.

The airline received good promotional benefits due to its increased exposure in WA's regional areas. The main benefits were that the airline logo was on all stationery used in the courses, airline banners, signage and posters were visible at all functions held by the community groups and verbal acknowledgment made at all accredited courses, human interest stories were supplied by the community groups for the in-flight magazine and the Minister acknowledged the sponsorship at seminars and annual presentations.

In this contra agreement (free goods or services) the airline valued the tickets at their retail value, i.e. economy class. However, the public authority found that in practice, the free tickets were effectively standby tickets, worth significantly less, which reduced the value received from the sponsorship.

As a result the department could only hold its courses outside school holidays and other peak times to allow the participants a better chance of being allocated a definite seat on aircraft. The public authority felt they were accountable for seeking to obtain a better deal, so they renegotiated with the airline and were successful in obtaining more tickets to reach a reasonable commercial value of \$40,000.

## RISK MANAGEMENT

A risk identification and management plan should be developed for sponsorship arrangements which are considered **sensitive, high value or complex**.

Risk is defined as the chance of something happening that will have an adverse impact upon objectives. It is measured in terms of likelihood of happening and consequences.

Risks can be financial or non-financial and may, if poorly managed result in a public authority suffering a loss of corporate information, skills, intellectual property, control or security. Effective risk management can reduce overall costs, uncertainty and improve the management of the sponsorship arrangements.

Care should be taken to ensure that any sponsorship agreement does not conflict with and is supported by the legislated role of the public authority.

For assistance with all aspects of risk assessment and management in relation to sponsorship arrangements, public authorities should contact their RiskCover client service manager. This service is provided at no cost.

Risk management involves:

- identifying what, when, where, how and why something may go wrong;
- determining the probability of something going wrong;
- determining the consequences if something did go wrong;
- developing suitable options and responses to manage or treat risks; and
- reviewing the risk management process to ensure the overall strategy remains effective.

Public authorities should consider potential exposure of the Government to legal liability within the context of the sponsorship agreement. There are several types of such liability or exposure that may occur in the context of such agreements.

These are:

- commercial;
- non-financial (e.g. political); and
- public controversy.

Legal opinion should be sought on the extent of potential legal liabilities involved and CEOs should also consider the other types of risk involved and action taken to manage them, including alerting RiskCover.

*(RiskCover is the Western Australian Government's self managed Insurance Fund under the Insurance Commission of Western Australia).*

For a sponsorship to be acceptable any risk involved should be manageable and acceptable in terms of the potential benefits the sponsorship may deliver to the public authority.

Before committing to a major sponsorship, a responsible and effective risk management strategy should involve checking that the other party has:

- an acceptable past sponsorship record;
- an acceptable financial and business record;
- responsible policies and practices; and
- an acceptable public image.

Such a risk management strategy further involves conducting comprehensive searches of potential sponsors or recipients of sponsorship including searches of business names, company or incorporated associations and credit checks. These searches should be carried out to ensure these parties are not involved in activities or industries considered unacceptable. Where a third party largely controls the potential sponsor or recipient of sponsorship, the credentials of the third party and any related entity should also be conducted. A check of organisations directly associated with the proposed sponsor or recipient of sponsorship should also be conducted where practicable.

Effective risk management also involves developing strategies for managing potential conflict of interests that may occur within the context of sponsorship arrangements.

This includes dealing with matters such as:

- accepting gifts, rewards, gratuity, benefits, remuneration or payment of commission of any kind that may place the recipient under an actual or perceived financial or moral obligation to the individual or organisation providing these items;
- the improper use of any position of employment or membership of an organisation or group or any other office or the use of information gained in such a role for personal profit or gain; or
- conflicts that may arise between private interests and public duties. Such conflict may occur where a Government officer or employee, their spouse, near relative or close associate stands to make a financial gain from a sponsorship arrangement involving Government or where such an officer, their spouse, children, near relative or close associate either holds membership of a private organisation (other than an incorporated association) likely to benefit from such a sponsorship arrangement or is an office bearer for an incorporated association likely to benefit from the sponsorship arrangement.
- The public authority's employees involved in the assessment process must be required to sign a Declaration of Interest and Confidentiality, included in the Department of Finance Evaluation Handbook, available on [https://www.finance.wa.gov.au/cms/Government\\_Procurement/Guidelines\\_and\\_templates/Community\\_Services\\_Templates\\_and\\_Guides/Community\\_Services\\_Templates.aspx](https://www.finance.wa.gov.au/cms/Government_Procurement/Guidelines_and_templates/Community_Services_Templates_and_Guides/Community_Services_Templates.aspx).

Public authorities should also refer to the Financial Management Act (2006) AS/NZS ISO 31000:2009 *Risk Management – Principles and*, which details a risk assessment and management approach.

### **EXAMPLE: RISK MANAGEMENT**

A public authority with a significant sponsorship budget was approached to sponsor a major community festival. A senior member of the festival's organising committee presented the sponsorship proposal. The opportunity looked promising and negotiations became more serious.

As part of the public authority's risk management process, the management and financial arrangements for the festival were examined in detail. Through careful questioning about the planned use of the sponsorship funds the public authority learned that the member of the organising committee who presented the sponsorship proposal stood to gain financially from a generous commission agreement he had with the organising committee for selling the sponsorship proposal to the Government. At the same time, it became apparent that he was related to an executive of the public authority, and a credit check revealed that his company had recently been the subject of court action for unpaid debts.

Overall, there were too many ethical, commercial and political risks.

After assessing the risks the public authority informed the organising committee of its findings and advised that rather than withdrawing totally, it would be prepared to sponsor the festival if the committee member resigned from the organising committee. The committee then held a special meeting with the committee member involved who agreed to resign. The executive of the public authority was also excluded from all negotiations relevant to the sponsorship proposal.

## **PREPARATION OF SPONSORSHIP ARRANGEMENTS**

Sponsorship arrangements should only be considered when the intention is to provide best value for money and a 'win-win' result for both parties. Value for money is not necessarily always related to direct profit and/or savings. Increasing the organisation's profile and growing the audience for a message or vision is also value for money.

Professional planning, preparation and negotiation of sponsorship takes significant time and can usually be achieved by:

- allocating an appropriately qualified or experienced project manager to all large sponsorship agreements;
- carefully preparing a package incorporating a range of benefits which can be tailored to the likely needs of a sponsor;
- determining the real cost of providing and receiving the benefits of sponsorship, including all indirect costs such as staff time, fees for legal advice, liability insurance etc;
- establishing an accurate/reasonable estimation of the sponsorship value at the development stage. Where this is not possible, it should be undertaken at the first available opportunity;
- ensuring that the benefits including funding, being offered are realistic and justifiable against the estimated returns to the public authority, Government or the community when providing sponsorship;
- assessing potential risks and if appropriate seeking a legal opinion on the content of the agreement and potential Government exposure to liability. If exposure to liability is considered a risk, it must be addressed;
- encouraging, where practicable and appropriate, competition for the sponsorship opportunity, either by seeking expressions of interest, calling quotations or tenders or by preparing a list and targeting potential sponsors;
- allowing ample lead time for the process of securing sponsorship; and
- negotiating a mutually satisfactory agreement and monitoring progress.

## **SPONSORSHIP AGREEMENTS**

As part of an effective risk management strategy sponsorship agreements are required to be in writing, either as an exchange of letters where the size, complexity and significance are comparatively minor, or as a formal contract for complex agreements involving larger amounts of money and where the risks need to be addressed formally. The context of potential sponsorship agreements should be checked to ensure they do not create a conflict with the legislated role of the public authority or conflict with any existing agreements or expose Government to any type of liability. Where uncertainty exists as to this matter, legal advice should be sought.

The signatories for both parties must be properly authorised and this authority should be carefully checked by conducting a search of the relevant documents e.g. where a company is involved and an individual Director has signed the agreement, it must be established whether the Director has legitimate authority to sign on behalf of his or her Company.



Terms and conditions should be precisely defined and should where practicable:

- identify all parties to the sponsorship (including any third parties);
- specify the exact nature and value of the sponsorship i.e. what one party will get and what the other party will provide, performance undertakings and indicators, outcomes, timeframes for completion or applicable dates for achievement;
- specify the payment terms, including how and when the payment will be made and to where. If the payment is to be in contra, specify the method of valuing contra e.g. retail cost, wholesale or cost price. Any conditions for use of the money should be detailed;
- specify the length of the sponsorship agreement, options or conditions for renewal, period of time for any option, formula to be used to calculate any increase in price (where applicable) e.g. Consumer Price Index;
- describe what the money is to be used for and set out the budget;
- specify in detail both party's rights and benefits, e.g. naming rights, advertising or editorial coverage in publications, hospitality commitments, merchandising rights, display opportunities at conferences etc;
- set out any special conditions that apply;
- set out financial accountability requirements including the terms of the payment, an appropriate, fair and equitable valuation of all contra items and conditions on the use of funds received or provided;
- specify reporting requirements and the ability to audit all expenditure and details of access to all relevant accounts;
- specify what should happen to any surplus funds;
- specify warranties and details concerning liability, including limits to liability and who is responsible for public liability and insurance;
- specify who owns any intellectual property which might arise;
- specify the need to disclose criminal records such as prior criminal convictions, criminal charges or charges pending for offences against individuals connected to any organisation involved such as Directors, employees or subcontractors;
- consider methods to secure payment against the other party's failure to deliver the agreed benefits/outcomes such as insurance or guarantees (where a corporation is involved) at an early stage of failure e.g. so that payment may be stopped;
- specify that the public authority will not specifically endorse the sponsor's products or services and that the sponsor shall not interfere with the role of the public authority;
- stipulate that there is no expectation or obligation on the public authority to continue the sponsorship agreement beyond the contracted period;
- address confidentiality and non-disclosure issues. Specify that any confidential aspects of the agreement may be subject to the provisions of the *Freedom of Information Act 1992* as well as any Government contract disclosure policy requirements;

- set out the procedure for communication and reporting between the parties;
- specify that all parties are to identify, resolve, monitor and report on any existing, emerging or potential conflicts of interest;
- detail the procedure for dispute resolution, mediation and compensation;
- detail the grounds for termination e.g. non-performance or delay in providing whatever was agreed to be provided, and the consequences upon termination such as repayment;
- document the public authority's right to review all promotional material and activities including specific uses prior to release;
- address the review and evaluation of the sponsorship agreement. Detail the actions that will be undertaken to evaluate the sponsorship agreement at the end of the sponsorship or a designated period during the sponsorship agreement. These may include; an assessment of whether the benefits promised in the agreement have been delivered, identification of any problems that have arisen and the measures taken to address these as well as identification of areas for improvement for both parties and recommendations on methods to facilitate such improvements.
- specify as a risk management strategy that great care must be exercised where the State is to provide indemnity. The relevant *Treasurer's Instructions 812, 825 and 826* must be checked and where Cabinet approval is required, this must be obtained before such indemnity is provided.

## PRINCIPLES AND GUIDELINES

### OPEN AND EFFECTIVE COMPETITION

Competition is the catalyst for innovation, efficiency and growth. It provides and promotes opportunity and choice, and ensures the best results for all parties. If the most equitable result is to be achieved, open and effective competition, where appropriate, must play a key role. A competitive environment can be established by either:

- advertising the opportunity, by seeking expressions of interest, inviting requests for proposals or offers through the public quotation or tender process; or
- researching a list of potential sponsors or recipients, prioritising them and contacting them.

Where public authorities have attempted to obtain sponsorship opportunities by utilising a competitive tendering process and have found it unproductive in securing the requirement they desire, it is not mandatory for the public authority to persevere with this method. The only requirement is to ensure that open and effective competition principles are observed. In this situation a target list of potential sponsors or potential recipients of sponsorship should be drawn up and reviewed. In cases where market research has been undertaken and it is believed that there is only one potential sponsor, the market should be checked periodically to ensure that there are no other potential sponsors.

Where public authorities are offered sponsorship arrangements of a longstanding nature, the best interests of the public authority will be served by careful analysis of the benefits the opportunity offers. This is to ensure acceptance of the sponsorship would result in a more favourable value for money result than would be achieved via a competitive tendering process. However, care must be exercised to ensure that the sponsorship period is not excessive, as this may preclude alternative sponsorship opportunities from being considered that could provide increased benefits to the public authority.

Where a comparatively small amount is involved (e.g. in the range of hundreds of dollars) it is clearly not practical or cost effective to adhere rigidly to the competition principle, as the resources used would outweigh the benefits gained. In addition there would not be enough at stake to make it worthwhile for other potential competitors to pursue the opportunity. Each opportunity should be decided on its merits.

The State Supply Commission's *Open and Effective Competition* policy provides guidance in this area by describing the circumstances where public tendering can be waived or selective tendering used when appropriate.

Chief Executive Officers should ensure that:

- where circumstances allow, a sufficient number of potential sponsors and potential recipients of sponsorship is genuinely considered so that effective competition for the opportunity is achieved;

- where appropriate, sponsorship agreements should include options to determine the extent of competitive interest at the conclusion of every contract period, rather than extending contracts automatically or giving the existing sponsor the first right of refusal;
- options/conditions for extending agreements beyond the initial contract period are documented and agreed to by the parties involved;
- when an agreement is extended beyond the initial contract period, the reasons for doing so are documented; and
- when a sponsorship opportunity is not widely offered, the reasons for doing so are documented.

When a potential sponsor or recipient of sponsorship approaches a public authority with an unsolicited sponsorship proposal, prudent judgement is essential. The proposal should be considered with the same degree of diligence applied to any other sponsorship proposal. For the proposal to be acceptable the sponsor or recipient of sponsorship must accept that at the end of the initial contract and at the discretion of the public authority the arrangement will be assessed as detailed above

#### **EXAMPLE: OPEN AND EFFECTIVE COMPETITION**

For some years a supplier of fruit had sponsored a public authority's annual environmental awareness day in return for signage at the venue and the exclusive right to sell fruit from its caravan parked at the site for this purpose. The agreement was a year-to-year verbal arrangement made by a person no longer on the organising committee.

Although the public authority was grateful for the support, a new person on the organising committee wanted to change the verbal arrangement into a more businesslike written agreement. The committee member said the supplier appeared to be paying a fairly modest fee for the sponsorship rights and that other potential suppliers should be approached to ensure best value for money was achieved. The committee advised the sponsor that at the end of the current verbal agreement a written agreement would be developed and other potential sponsors would be approached to submit sponsorship proposals.

The original supplier, who had found the sponsorship arrangement profitable, submitted a proposal raising the sponsorship amount by 50%. This was higher than alternative offers and accepted.

By introducing competition, the public authority greatly increased its revenue from this sponsorship activity. The public authority changed the verbal agreement into a written arrangement and made it clear the sponsorship would be renegotiated every two years when other potential sponsors would be approached to keep the arrangement open and competitive.

## ACCOUNTABILITY

Chief Executive Officers should ensure that the management framework for the sponsorship process is clearly defined, with identified areas and clear lines of accountability for those involved. In addition, they should ensure that accountability principles are built into the procedures used and applied at each step of the sponsorship process, e.g. prior to, during and following finalisation of any sponsorship arrangement. To this end, seeking or providing sponsorship should form part of the public authority's business plan.

Particular emphasis should be given to ensuring those involved in the sponsorship process are directly accountable for:

- planning sponsorships with sufficient time to conduct the process properly;
- achieving fair and open competition and allowing prospective sponsors or recipients of sponsorship reasonable time to prepare and submit proposals;
- using fair and pre-defined evaluation models for making decisions;
- ensure that potential and/or existing conflicts of interest are declared and managed;
- following prescribed procedures at all times; and
- the effectiveness of outcomes achieved under the contract.

In addition:

- all sponsorship arrangements must be approved in writing by a properly authorised officer, committee or board in accordance with the policy of the public authority;
- the terms of any sponsorship agreement must be in accordance with the public authority's objectives and functions and must not compromise its ability to carry out its functions fully and impartially;
- records should be maintained of the consumption of goods/services received or provided, including contra items;
- each agreement should ensure that regular progress reports are made to the sponsor or by the sponsor;
- each sponsorship agreement is subject to the provisions of the *Freedom of Information Act 1992* and the *Public Interest Disclosure Act 1993*;
- ensure a central register is kept of all major and, if practicable, all minor sponsorship projects; and
- annual reporting of sponsorship activities must comply with the requirements of the *Financial Management Act 1985*.

## PROBITY

Sponsorship in Government carries more onerous responsibilities than sponsorship in the private sector. The community is demanding increasingly high standards of probity and ethics in managing public funds.

Most problems of real or perceived unethical behaviour in the public sector relate to conflicts of interest. A conflict of interest includes any circumstance where an individual's relationship with another party acts or has the potential to act against the interests of his or her employer. This conflict of interest is one between private

interests and public duties. However, a conflict of interest is not necessarily unethical unless it is hidden or not resolved.

Conflicts of interest between private interests and public duties should be managed as follows:

- matters of private interest such as investments, relationships, voluntary work or membership of other groups that may conflict or be perceived to conflict with an individual's public duty should be openly declared. An Interest and Confidentiality Declaration form is included in the Department of Finance Evaluation Handbook, available on [https://www.finance.wa.gov.au/cms/Government\\_Procurement/Guidelines\\_and\\_templates/Community\\_Services\\_Templates\\_and\\_Guides/Community\\_Services\\_Templates.aspx](https://www.finance.wa.gov.au/cms/Government_Procurement/Guidelines_and_templates/Community_Services_Templates_and_Guides/Community_Services_Templates.aspx);
- issues involving conflicts of interest should be recorded in the appropriate records or minutes to ensure they are transparent and capable of review;
- personal interests should be disclosed as soon as practicable after an individual becomes aware of their interest in the matter; and
- individuals with private interests should not participate or vote on any issue relating to a Government sponsorship arrangement.

Chief executive officers must ensure that all sponsorship activities are conducted in accordance with the requirements of the *Public Sector Management Act 1994*, the principles in the *Western Australian Public Sector Code of Ethics*, the State Supply Commission's *Probity and Accountability* policy and the public authority's own code of conduct.

In addition:

- procedures should be established to ensure that all ethical considerations are taken into account, documented and placed on public record before entering into an agreement;
- procedures should be established and maintained which minimise the opportunity for unethical practices or conflicts of interest which could influence the selection process or any other part of the sponsorship arrangement e.g. advance or progress payments;
- sponsorship of staff should be assessed according to the public authority's normal criteria and procedures, and should only be provided to groups, not individuals. Staff sponsorship should be documented and justifiable (staff sponsorship can rarely be justified for genuine commercial reasons); and
- public sector employees including temporary staff and board members acting on behalf of the public authority should not receive any personal benefit for themselves, colleagues, family members, friends or associated entities. Where benefits are offered, such as hospitality or gifts, they should be considered in accordance with the *Western Australian Public Sector Code of Ethics*, the State Supply Commission's *Probity and Accountability* policy and the public authority's own code of conduct.

### **EXAMPLE: PROBITY**

A public authority responsible for monitoring pollution negotiated a major sponsorship of one of its community awareness programs with a national financial institution. The public authority thought the nature of the sponsor's business meant it was unlikely to cause any conflicts of interest for the public authority. A written agreement was signed in which the public authority's sponsorship policy stated that it could not accept sponsorship from an organisation likely to be subject to inspection or regulation by the public authority.

A subsidiary of the sponsor became the major shareholder in a large farm, which leaked fertiliser and other chemicals into the local river. The public authority had to inspect the farm after toxic algae bloom was reported in the river near the farm. When it heard of the investigation the sponsor expressed its concern that as a major sponsor its interests were subject to such an inspection.

The public authority referred the sponsor to the clause in the sponsorship agreement about conflicts of interest arising from its inspection and regulatory functions and the sponsorship agreement was terminated.

## VALUE FOR MONEY

Sponsorship policies and procedures should be established to ensure optimum use of public resources is achieved and value for money obtained. Establishing an efficient sponsorship program depends largely on good planning and preparation. Ample lead-time therefore needs to be allowed for the preparation, negotiation and establishment of sponsorship proposals.

In addition:

- commonsense should be applied to the level of resources allocated to set up and manage sponsorship agreements. Where sponsorship commitments are sufficiently large, the public authority should follow formal procedures for encouraging open competition where appropriate, effective evaluation, selection, management, monitoring and measurement of results. Where the amount and the significance is small, it is not cost effective to take such a heavily structured approach;
- both parties should ensure that all direct and indirect costs of servicing the sponsorship are fully taken into account. Selling and servicing sponsorships (e.g. staff time) often proves to be very time consuming, which can sharply reduce the net benefit;
- where sponsorship involves the supply of a sponsor's product, the product should be evaluated objectively against operational criteria to ensure it is the most effective way of meeting the sponsored organisation's needs and is compatible with existing goods and equipment;
- all performance delivered under an sponsorship agreement should be evaluated against the pre-set criteria at pre-determined times during the agreement and prompt action taken where appropriate to prevent problems occurring or to resolve issues promptly. Results should be measured against the objectives of the sponsorship; and
- sponsorship revenue/budgeted funds should be separately identified in the accounts of the public authority so they can be credited directly to the sponsored project where appropriate.



## EXAMPLE: VALUE FOR MONEY

Healthway's sponsorship of the Hopman Cup is a good example of efficient and effective sponsorship. The Hopman Cup is an international tennis tournament played annually in Perth. It is a high-profile event attracting some of the world's best tennis players. Healthway wished to promote the health message "SunSmart" and a sponsorship package was developed at a cost of \$120,000, with \$31,000 budgeted for support promotion through the Cancer Foundation.

Benefits to Healthways included:

- naming rights and exclusivity of signage on the apparel of the ball kids;
- naming rights to related events, e.g. SunSmart Tennis Clinics;
- exclusive naming rights to one session;
- use of high profile players as role models;
- media profile through event-driven promotional pieces (posters, brochures, etc);
- advertising space in program;
- on-site display opportunities;
- pre-event street banners;
- press conference and venue signage;
- tickets for prizes for public competition etc;
- inclusion in all media releases;
- inclusion in all event activities;
- verbal message by court announcer at each session;
- venue and associated events to be smoke-free; and
- Cancer Foundation display and skin cancer checks carried out at the venue.

Reasons contributing to the success of the sponsorship were:

- good attendance;
- extensive television exposure of the message estimated at \$600,000 in value;
- extensive local and national press coverage;
- healthy food choices available at the venue;
- extensive radio coverage;
- uncluttered sponsorship (five sponsors shared exclusive categories);
- very high recall of message (94%);
- extensive efforts by tournament organisers (beyond the scope of the agreement) to make players available for coaching for children's clinics;
- strict adherence to contractual obligations;
- continual information and updates relating to the event were provided to the sponsor;
- organiser's reports were both comprehensive and submitted on time; and
- the briefing at the end of the event was extremely professional.

Overall Healthway's sponsorship of the Hopman Cup was a cost-effective avenue for promoting the health message.

## APPENDIX 1 - SPONSORSHIP CHECKLIST

Estimated value of sponsorship \$.....

√ if Yes

Review of State Supply Commission's (SSC) *Sponsorship in Government Guidelines* at SSC website completed?

### Relevant Legislation:

Is it within the power of the public authority to enter into sponsorship arrangements?

If uncertain seek legal advice.

### Receiving or Seeking Sponsorship:

If no legislative authority, has the Department of Treasury been consulted for advice as to obtaining authorisation under the *State Trading Concerns (Authorisation)*

*Regulations 1998* for the purposes of the *State Trading Concerns Act 1916*?

### Providing Sponsorship:

Does the *State Supply Commission Act 1991* apply i.e. is it a contract for goods or services?

If so, where a public authority is providing sponsorship is the public authority acting within its delegation level under the *State Supply Commission Act 1991*?

Where the *State Supply Commission Act* does apply and where the proposed sponsorship arrangement exceeds the public authority's delegation, which of the following actions does the public authority propose to take:

- application to SSC for increase in delegation (specific purpose)?;
- matter referred to the contract principal for further advice or action?; or
- is legal advice required?

**Consideration has been given to the following additional legislation, policies and guidelines:**

- *Public Sector Management Act 1994;*
- *A new Tax System (Goods and Services Tax) Act 1999;*
- *Treasurer's Instructions 812, 825 and 826;*
- *Financial Management Act;*
- State Supply Commission supply policies;
- WA Government policies e.g. *Buy Local Policy;*
- Any Government policy relating to contract disclosure requirements;
- Western Australian Public Sector Code of Ethics;
- Public authority's own code of conduct;
- Australian Standard AS/NZS ISO 3100:2009 – Risk Management – Principles and Guidelines.

**Minister responsible/or delegate has given written approval to proceed in relation to the following sponsorship arrangements:**

- Tobacco related.
- Alcohol or drug related.
- Where a potential sponsor could seek to use the sponsorship agreement to influence legislation, public policy or the legislated role of the public authority concerned.
- Events which duplicate or would compete with existing Government sponsorship projects (i.e. second car rally or second golf tournament).
- Projects likely to adversely affect the content or interpretation of the public authority's programs/ services or may raise a conflict of interest.
- Sponsorship of a political party.
- Service organisations which may use the funds to sponsor or make a grant to a third party.
- Areas which may have the potential to cause widespread public controversy.

## Sponsorship Program Development and Management

The public authority has an internally approved sponsorship policy and the proposed sponsorship is compatible with the public authority's goals, objectives and activities.

The public authority has developed sponsorship project management procedures for this specific sponsorship arrangement.

If not, why not?

The public authority has identified benefits of sponsorship opportunities.

## Risk Management

Risk has been assessed in accordance with the AS/NZS ISO 3100:2009 – Risk Management – Principles and Guidelines

Risk rating applied to this sponsorship arrangement is:

Low		Medium		High	
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Legal opinion as to risk of potential legal liability in relation to the following has been obtained:

- commercial;
- non-financial (political); or
- public controversy.

The public authority has developed a risk management strategy.

If not, refer to RiskCover.

RiskCover has provided assistance with risk assessment and development of a risk management plan (sensitive, high value or complex sponsorship).

The public authority has reviewed similar sponsorship arrangements or case studies to ascertain if they may be of assistance?

### The potential sponsor has an acceptable:

- financial and business record;
- responsible policies and practices; and
- public image.

Credentials of third parties who control proposed sponsors/recipients of sponsorship have been checked where practicable to identify corporations and associated entities?

Have all associated entities been disclosed?

Any risk of the public authority being involved with inspection or regulation of potential sponsors or their associated entities?

If yes, has action been taken to ensure that potential conflicts of interest raised by the sponsorship will be monitored and resolved?

Has a method for resolution of such conflicts been put in place?

## **Open and Effective Competition**

Have the following principles been addressed?

- open and effective competition;
- value for money; and
- probity and accountability.

The public authority has drawn up a list of potential sponsors.

If a restricted sponsorship offering is being considered have the reason/s been documented?

Has an evaluation model for sponsorship proposals been determined?

An acceptable process for valuation of goods and services including discounted, at cost and contra items is in place.

[Contra items are those that are supplied 'free' e.g. free radio or television time, airline tickets, tickets to events, advertising space in newspapers and publications or products such as computers, mobile telephones, drinks and other consumer goods. The value of the goods and/or service is that at which they can be bought in the marketplace].

Has the WA Government Buy Local Policy been considered?

Does the sponsorship cover regional areas?

Is there an expectation that imported products will need to be considered?

## **Sponsorship Details**

Type of sponsorship being considered:

- In-kind sponsorship.
- Incoming sponsorship.
- Outgoing sponsorship.
- Other.

The sponsorship agreement is in written form?

<b>Initial Term (Duration)</b>		<b>Options (Duration)</b>	
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If options are available for extending the sponsorship term, have the reasons for this approach been documented?

Has a draft agreement document been prepared?   
 If no, document reasons why this has not been done.

Has legal advice been obtained on the draft agreement document?

Has insurance advice and coverage been sought on the proposed agreement?

Have all the costs associated with the process, including transition costs, recurrent costs and eventual contract management costs been identified and duly considered?

<b>Estimated Annual Value</b>	<b>\$</b>	<b>Term of Sponsorship Value</b>	<b>\$</b>
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**Where is the sponsorship proposal/requirement to be advertised?**

- Newspapers;
- Tenders WA;
- Magazines;
- Journals; or
- Other e.g. targeting of sponsors directly.

**Are any of the following activities proposed?**

- Stand alone advertising contracts;
- Joint ventures, consultancies or partnerships in which the organisations share ownership and responsibility for the ultimate outcome or product;
- Projects such as displays and exhibitions in which the sponsor does not receive genuine and measurable value for money;
- Grants, gifts, donations, bequests, endowments and prizes;
- Scholarships; and
- Research projects except where it could relate to or influence public policy.

**Note: If yes, they are required to form part of an overall sponsorship package in which other direct sponsorship benefits are provided to qualify as sponsorship activities.**

Any other issues relevant to the public authority that should be considered?

## **APPENDIX 2 - GUIDE FOR DEVELOPING A REQUEST OR PROPOSAL FOR SPONSORSHIP**

### **SUGGESTED FORMAT FOR PREPARATION OF A SUBMISSION/PROPOSAL FOR REQUESTING (RECEIVING) SPONSORSHIP**

Public authorities requiring assistance with drafting a proposal request may seek assistance from the State Solicitor's Office.

#### **Authority or Power to Receive Sponsorship:**

Does the public authority have the power/enabling legislation to enable it to receive sponsorship under the *State Trading Concerns Act 1916*?

Where uncertainty exists, seek advice from the State Solicitor's Office.

#### **DECIDE ON FORMAT:**

##### **(1) PUBLIC TENDER PROCESS:**

- Expressions of Interest;
- Request for Proposals; or
- Request for Quotation.

Or

##### **(2) CONTACTING POTENTIAL SPONSORS DIRECTLY.**

The following outline is more suited for preparation of a public tender process proposal but the format could also be adapted for preparation of a submission or request proposal directed at a specific sponsor by omitting the headings that are specific to the tendering process e.g. 'conditions of tendering'.

### **FORMAT FOR SPONSORSHIP REQUEST DOCUMENT**

This format provides suggestions or examples of headings only as a guide and is not intended to provide an exhaustive or comprehensive format for preparation of proposal requests. Public authorities should omit or include alternative headings to suit the proposal requirement they are seeking.

#### **INTRODUCTION:**

##### ***PROVIDE DETAILS OF:***

- background of request or requirement;
- define and describe what is being sought; and
- describe what the sponsorship activity is designed to achieve.

#### **BENEFITS TO SPONSOR/S:**

Briefly describe the benefits and rights the sponsor will receive from the arrangement. This is expanded in more detail under the Scope of Work and Requirement heading set out below.

#### **AIM:**

Describe what the sponsorship activity will involve including:

- target audience;
- proposed event program;
- activities and events involved;

- dates and times;
- entry fees; and
- other.

**SELECTION PROCESS:**

Provide an explanation of the:

- type of selection process to be used e.g. one stage or two-stage process;
- evaluation process e.g. short listing process and clarification of offers, presentations and demonstrations of proposals or solutions offered; and
- negotiations to be conducted and stage at which they will occur.

Offers to be assessed in accordance with State Supply Commission *Sponsorship in Government Guidelines*.



**SELECTION CRITERIA:****COMPLIANCE CRITERIA**

May include:

- compliance with the scope of the sponsorship requirement set out in the request document; and
- relevant WA Government policies that must be complied with.

**QUALITATIVE CRITERIA**

May include:

- ability to deliver the requirements of the proposed sponsorship and uphold the public image of the public authority in the community; and
- value of the sponsorship and ability to maintain commitment to funding for the duration of the proposed sponsorship.

During the evaluation and selection process the following State Supply Commission Supply policies and guidelines may need to be considered.

**POLICIES:**

- *Value for Money;*
- *Open and Effective Competition; and*
- *Probity and Accountability;*

**GUIDELINES:**

- *Sponsorship in Government Guidelines;*

**OTHER:**

- *WA Public Sector Code of Ethics; or*
- Code of conduct developed by the individual public authority.

**GOVERNMENT POLICY THAT WILL AFFECT SELECTION:**

- *Buy Local Policy; and*
- Any policy dealing with Government contract disclosure requirements.

**CONDITIONS OF TENDERING:**

These will depend on individual public authorities but may include:

- quality assurance standard or requirement;
- details concerning any briefings connected to the sponsorship proposal;
- disclosure of any information or documents connected with the proposal;
- disclosure of conflict of interest declaration;
- details about any general conditions that will apply to the proposal; and
- validity period of the tender.

**SPECIFICATION:**

Specifies the sponsorship requirement setting out in detail the exact nature and value of the sponsorship as well as exactly what one party will get and what the other party will provide.

**SCOPE OF WORK AND REQUIREMENTS:**

Respondents are required to outline in detail how they would satisfy the requirement.

**BENEFITS TO SPONSOR:**

Provide an outline of what the sponsor would gain if successful in providing the sponsorship which may include:

- type of exposure or publicity;
- naming or advertising rights;
- editorial coverage in publications;
- merchandising rights;
- display opportunities at conferences;
- project launches;
- media releases and interviews;
- exposure on public authorities' websites;
- school education programs;
- site or road signage;
- logo exposure and usage on various mediums; and
- community recognition and exposure.

**PERIOD OF SPONSORSHIP:**

Length of time input is required from sponsor.

**GENERAL CONDITIONS OF CONTRACT:**

Will be developed by the individual public authority.

**SPECIAL CONDITIONS OF CONTRACT:**

Refers to issues specific to the individual sponsorship arrangement particularly performance of services but may include:

- Goods and Services Tax (GST) clauses:
  - where sponsorship is offered in return for supply of goods/services e.g. advertising, free tickets and promotion rights, these have commercial value and are subject to the GST;
  - where the sponsorship is non-monetary in nature but there is an exchange of an obligation, right or goods and services it will generally have a commercial value and also be subject to the GST;
  - treatment of the GST obligations need to be recognised in terms of dealing with both parties registered for GST and parties not registered for GST and appropriate accounting adopted including the contra agreement process whereby tax invoices are issued by both parties.
- performance of services;
- default clauses;

- termination clauses;
- indemnity and insurance clauses;
- confidentiality issues;
- public disclosure;
- security clauses;
- intellectual property rights;
- subcontracting; and
- conflicts of interest.

**RESPONDENT'S (SPONSOR'S) OFFER:**

May include:

- business name and address details; and
- corporate status and details.

**RESPONSE TO SELECTION CRITERIA:**

Examples of selection criteria that Respondents could be expected to provide detailed responses in relation to, may include:

**(1) DETAILS ABOUT THE ORGANISATION:**

- company profile and structure including disclosure of details relating to business, company and incorporated association names, associated entities and third parties that exert control over the proposed sponsor;
- proof of authority for designated individuals within the organisation to execute sponsorship arrangements;
- list of major clients;
- references from other organisations that have received sponsorship from the Respondent;
- relevant industry experience; and
- public image.

**(2) EXPERIENCE AND KNOWLEDGE:**

Respondents may be requested to provide information and details relevant to demonstrate that they can fulfil or satisfy the sponsorship requirement.

**(3) METHODOLOGY TO SATISFY SPONSORSHIP REQUIREMENTS:**

Respondents may be requested to provide details of the actions they would take to provide the sponsorship requirements.

**(4) EXTENT OF SPONSORSHIP OFFERED:**

Respondents may be requested to provide details of their sponsorship proposal such as:

- capacity to provide and maintain the required products or services;
- ability to contribute to the public authority's existing capabilities;
- capacity to work professionally and cooperatively with the public authority;
- on-going support they would provide;
- sponsor's expectations of the public authority (resource commitments);

- estimated value of the sponsorship to be provided and ability to maintain continuity of sponsorship;
- value-added services to be provided where applicable; and
- others.

**(5) OTHER:**

Any other issues relevant to the public authority that should be considered.

These may include

- objectives of the sponsorship;
- estimated value of the sponsorship;
- economic impact of the sponsorship;
- media impact; and
- timeframe.

Formalisation of the sponsorship agreement following evaluation of the offers made by potential sponsors. This stage of the process is extremely important. For details public authorities should refer to the section titled Sponsorship agreement in 'Sponsorship Process' in these guidelines, for details.

## **APPENDIX 3 - SPONSORSHIP MANAGEMENT PLAN PROFORMA**

Sponsorship arrangements must be transparent and accountable and to achieve this every care taken in their development and management. A sponsorship management plan is an important risk management tool to assist public authorities to not only identify and address all relevant issues that may occur throughout the duration of the period of a sponsorship arrangement, but also to manage these issues effectively. Although public authorities may use different methods to formalise their sponsorship arrangements e.g. formal written contracts and sponsorship agreements, there is still a need to develop a plan to manage all aspects of a sponsorship arrangement.

Set out below is a suggested format for a sponsorship management plan to assist public authorities to monitor and review their sponsorship arrangements for the duration of such an arrangement.

### **(1) BACKGROUND**

Background details of sponsorship arrangement including:

- reasons for the sponsorship arrangement;
- objectives;
- analysis undertaken; and
- key assumptions made.

### **(2) PARTIES TO THE SPONSORSHIP ARRANGEMENT**

- Details relating to all parties to the arrangement including company names, contact details, profile of organisations, details of personnel with authority to authorise/approve changes.
- Key responsibilities of all parties.
- Major stakeholders contact details and area or reason for interest.
- Intra and inter-organisational relationships. A diagram illustrating the reporting arrangements for the management of the sponsorship arrangement within each organisation e.g. the sponsored party and the party providing the sponsorship.

### **(3) SPONSORSHIP ARRANGEMENT DETAILS**

Description of the sponsorship arrangement including a complete copy of information contained in the sponsorship agreement including:

- sponsorship purpose;
- statement of requirements or scope of work;
- value of the sponsorship;
- service standards expected;
- budget details, accounting and auditing requirements;
- pricing and remuneration details including payment in relation to contra items as specified in the sponsorship agreement;
- outline of benefits and rights of all parties;
- outline of obligations and responsibilities of all parties;
- duration of arrangement (including any option or renewal details); and

- Key conditions of the arrangement including details of:
  - insurances;
  - warranties;
  - guarantees;
  - performance expected; and
  - indemnities.

#### **(4) MANAGEMENT OF THE SPONSORSHIP ARRANGEMENT**

The plan should outline the desired objectives of the sponsorship arrangement as well as the means of monitoring and measuring performance to ensure these objectives are met and may include the following:

- time lines or milestones to be met or satisfied;
- delivery points to be met or tasks or activities to be completed;
- budget issues;
- payment issues;
- reporting requirements; and
- satisfaction levels of the parties.

Once the methods of monitoring and measuring performance are identified, the plan should then outline both the measurement method to be utilised as well as an indicator identifying the point at which review of the arrangement becomes necessary due to unacceptable performance.

#### **Performance monitoring and reporting**

May include:

- critical success factors;
- key performance indicators;
- necessary statistics;
- milestones;
- monitoring methodology and schedule; and
- reporting.

#### **Finance and Budgets**

Involves monitoring of financial accountability and may include:

- terms of payment;
- valuation of contra items;
- funds received and provided;
- monitoring increases in prices as specified in the sponsorship agreement;
- invoicing;
- verification procedures; and
- financial reporting requirements as agreed between the parties.

## **Dispute Resolution**

May include procedures specified in the sponsorship agreement to enable the parties to monitor and report on performance under the agreement, including the severity of any breaches, the need to seek redress and actions to be taken to seek resolution of any disputes, including compensation.

## **Completion of Sponsorship Arrangement**

Detail arrangements for completion of the arrangement such as retention of any moneys, transition arrangements (if any) required, handover of any matters, return of any equipment or unused materials, review and evaluation, final performance reports and feedback for all parties involved.

## **(5) RISK ASSESSMENT AND MANAGEMENT**

As part of the sponsorship management plan a risk management strategy and process should be developed.

This may include:

- seeking advice from RiskCover;
- identification and explanation of each risk;
- how each risk is to be managed;
- action to be taken to prevent or minimise the impact on performance outcomes should any of the identified risks occur; and
- reviewing and updating the risk management strategy throughout the duration of the sponsorship agreement.

## **(6) REVIEW AND EVALUATION OF THE SPONSORSHIP ARRANGEMENT**

The sponsorship management plan should outline the process which will be followed towards the end or following finalisation of the sponsorship arrangement to assess, review and evaluate all elements of the arrangement. Detail the actions that will be undertaken to evaluate the sponsorship arrangement on the basis of whether the benefits outlined in the agreement have been delivered, identification of any problems that have arisen the measures taken to address and resolve these as well as identification of areas that may be improved and recommendations as to how these improvements may be achieved.

This may include assessment of the outcome of the sponsorship arrangement against the following criteria:

- sponsorship objective and plans;
- sponsorship timelines for activities and tasks;
- prescribed processes;
- payment processes;
- expenditure;
- benefits received by relevant parties;
- rights and responsibilities observed or satisfied;
- satisfaction of all parties involved in the sponsorship arrangement;
- audit requirements; and
- final result or outcome.

Documentation of lessons learned as well as production of a final completion report are recommended. These records provide valuable tools for development of, and management of, other sponsorship arrangement as well as feedback for all parties involved in sponsorship arrangements.



## **APPENDIX 4 - GOVERNMENT RESOURCE LIST**

The following public sector organisations may be contacted for advice and assistance in relation to sponsorship issues.

<b>State Supply Commission</b>	<b>(08) 6551 1500</b>
<b>Department of Finance</b>	<b>(08) 6551 1000</b>
<b>Department of Treasury</b>	<b>(08) 6551 2777</b>
<b>State Solicitor's Office</b>	<b>(08) 9264 1888</b>
<b>RiskCover</b>	<b>(08) 9264 3333</b>