



## Related Party Disclosures

Application	All Councillors, General Manager and Directors
Responsible Officer	Director Corporate & Community Services
File No	CM:POL:CWP
Authorised by	Council
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### Purpose

To provide guidelines to ensure all relevant key management personnel comply with the requirements of the Australian Accounting Standards Board's accounting standard AASB 124.

### Definitions

**KMP** – key management personnel identified as persons having authority and responsibility for planning, directing and controlling the activities of Council. KMP's for these purposes are Councillors, the General Manager and Directors.

**Entity** – a body corporate, partnership, trust, incorporated association or an unincorporated group or body

**Arms-length transaction** – transaction between two related parties that is conducted as if they were unrelated so that there is no question of conflict of interest.

**Close family member** – family member who may be expected to influence, or be influenced by, a KMP in their dealings with Council and include:

- the children, spouse or domestic partner of a KMP
- the children of a KMP's spouse or domestic partner, and
- parents and siblings

**Control** – the power to govern the financial and operating policies of an entity in order to gain benefits from its activities.

**Joint control** – the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control

**Related party** – a person or entity that is related to Council (as defined in AASB 124 para 9). Examples of related parties are:

- Council subsidiaries
- KMPs identified by Council
- close family members of KMPs identified by Council
- entities that are controlled or jointly controlled by KMPs or their close family members

**Related party transaction** – a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged. Examples of related party transactions are:

- purchases or sales of goods, property and/or other assets
- rendering or receiving of goods and/or services
- leases
- transfers under licence agreements
- transfers under finance arrangements (eg loans)

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**Ordinary citizen transaction** – a transaction that an ordinary citizen within the community would undertake in the ordinary course of business with Council (e.g. purchase of a swimming pool season ticket)

### Reference

This policy complements other legislation and where it is silent on matters referred to in the following legislation such matters must be followed in accordance with the legislation.

*Government Information (Public Access) Act 2009*

### Policy statements

This policy is to be applied in:

1. Identifying related party relationships and transactions involving key management personnel, their close family members and entities controlled or jointly controlled by any of them.
2. Identifying information about related party transactions for disclosure.
3. Establishing systems to capture and record information required by this policy
4. Determining the relevant disclosures to be made in the general purpose financial statements in compliance with AASB 124.

Key Management Personnel (KMP) must complete and submit to the General Manager, a Related Party Transaction form notifying any existing or potential related party transactions between Council and either themselves, their close family members or entities controlled or jointly controlled by them or any of their close family members no later than the following periods during a financial year:

- By 30 June annually
- No later than 30 days after the KMP becomes aware of amendments required to the existing declaration

Related Party Transaction notification requirements do not apply to:

- related party transactions that are ordinary citizen transactions not assessed as being material
- reimbursement of approved expenditures

Council's finance team will review and assess the materiality of ordinary citizen transactions to determine whether the disclosure of such transactions is necessary for an understanding of the effects of the related party transactions on the financial statements. As a general rule, Council will utilise \$10,000 as the threshold of materiality.

All related party transactions will be identified and recorded to allow a full assessment prior to the completion of the related party disclosure. The following matters must be considered in determining the significance of any related party transactions:

- significance of the transaction in terms of size
- whether the transaction was carried out on non-market terms
- whether the transactions are outside normal day-to-day business operations (e.g. purchase and sale of assets)
- whether the transaction is disclosed to regulatory or supervisory authorities



- whether the transaction has been reported to senior management
- whether the transaction was subject to Council approval
- whether transactions are collectively, but not individually significant

Council's finance team will establish processes to identify, extract and record related party transactions. Additionally, records will be maintained of all KMP self-assessment declarations.

Council will endeavour to ensure that only staff and audit personnel involved in preparing the related party disclosure will have access to the related party declarations and the information compiled for the related party transactions. Access to information held will be determined under the *Government Information (Public Access) Act 2009*. Information collected by the Auditor General during the audit of Council's financial reports will be *excluded information* as defined in the *Government Information (Public Access) Act 2009* Schedule 2(2).

### Revision Table

Minute /Date	Amendment Summary	Reason or Reference
1808/21.09.21	Complete Rework of Policy	Review

### Associated Documents

Local Government Code of Accounting Practice  
Australian Accounting Standards

### Review

This policy may be reviewed at any time, but not less than four years from the last date of review.