



Policy

88 **RELATED PARTY DISCLOSURE POLICY**

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Responsible Officer:	Director Corporate Services

1. POLICY STATEMENT

2. PURPOSE

The policy is designed to ensure that Council's financial statements comply with the disclosure requirements under the Australian Accounting Standard AASB 124 Related Party Disclosures.

Under AASB 124 the Council is obliged to disclose related party relationships, transactions and outstanding balances, including commitments, in the annual financial statements

These disclosures draw attention to the possibility that Council's financial position and profit or loss may have been affected by the existence of transactions with a related party and outstanding balances with such parties.

3. SCOPE

This policy applies to the implementation of AASB 124: Related Party Disclosures when preparing and auditing the Council's Financial Statements.

This policy is to be applied across all Council functions and activities and may impact on all Councillors, Council officers, Council volunteers and other agents of the Council.

4. OBJECTIVE

This policy is developed to assist the Council with the following Delivery Plan Objectives:

2.2.1 Meet legislative requirements for Council elections, local government and integrated planning and reporting

2.2.2 Council operations support ethical, transparent and accountable corporate governance



Policy

5. DEFINITIONS

Close family members of a person shall mean those family members who may be expected to influence, or be influenced by, that person in their dealings with the Council.

Control shall mean the ability to direct the business' activities of an entity through rights or exposure to returns from its involvement with the entity.

Ordinary Citizen Transactions (OCT) shall mean transactions with a related party that are made on terms that are considered reasonable if the parties were dealing at 'arm's length

Key Management Personnel (KMP) shall mean those persons having authority and responsibility for planning, directing and controlling the activities of Council or Council entities, directly or indirectly.

"Possible (Possibly) Close members of the family of a person" - are those family members who could be expected to influence, or be influenced by, that person in their dealings with the Council and include:

1. that person's brothers' and sisters';
2. aunts', uncles', and cousins' of that person's spouse or domestic partner;
3. dependants of those persons' or that person's spouse or domestic partner as stated in (b); and
4. that person's or that person's spouse or domestic partners', parents' and grandparents'.

Related Party Transaction shall mean the transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

6. POLICY IMPLEMENTATION

6.1. Identifying Related Parties

A person or entity is a related party of Council if any of the following apply:

1. They are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
2. They are an associate or belong to a joint venture of which Council is part of.
3. They and Council are joint ventures of the same third party.
4. They are part of a joint venture of a third party and council is an associate of the third party.



Policy

5. They are a post-employment benefit plan for the benefit of employees of either Council or an entity related to Council.
6. They are controlled or jointly controlled by Close members of the family of a person.
7. They are identified as a close or possibly close member of the family of a person with significant influence over Council or a close or possibly close member of the family of a person who is a KMP of Council.
8. They, or any member of a group of which they are a part, provide KMP services to Council.

For the purposes of this Policy, related parties of Council include the following:

1. Entities related to Council;
2. Key Management Personnel (KMP) of Council
3. Close family members of KMP;
4. Possible close family members of KMP's; and
5. Entities or persons that are controlled or jointly controlled by KMP, or their close family members, or their possible close family members

6.2. Key Management Personnel

The following positions are considered to be Key Management Personnel

- Councillors
- General Manager
- Director Technical Services
- Director Corporate Services
- Finance Manager
- Development Manager
- Works Manager
- Executive Engineer

The list above is not exhaustive. Other positions within Council may also be considered Key Management Personnel depending on their role and/or responsibilities.

6.2.1. Obligations of Key Management Personnel

To assist the Council to identify potential related party transactions, KMPs and other persons occupying or acting in the positions disclosed are required to complete a related party declaration to assist Council in compliance with its statutory obligations.

Declarations from KMPs are requested at the following times:



Policy

- When initially appointed as a KMP
- By 30 September every financial year following – in line with the Councillors and Designated Persons Return
- Where their circumstances materially change.

KMPs are also obliged to inform the Council if they become aware of any transactions or potential transactions (other than Ordinary Citizen Transactions) that may potentially be a related party transaction.

6.3. Ordinary Citizen Transactions

Transactions with related parties of the Council which are of a nature that any ordinary citizen would undertake will not be captured and reported.

If an OCT occurs on terms and conditions that are different to those offered to the general public, the transaction will be captured and if required reported in the financial statements.

6.4. Transaction Capture

Management is to implement a system and processes for capture of related party transactions and record keeping requirements.

This process will outline how transactions are identified and captured, including

- the identification of transactions that do not pass through Council's accounting system, and
- the capture of associated terms and conditions of related party transactions.

6.5. Disclosure

Transactions between the Council and related parties, whether monetary or not, are required to be identified. Disclosure of these transactions within the annual financial statements will be determined in accordance with materiality by assessment against nature and size when considered individually and collectively.

Materiality thresholds are reviewed annually as part of the audit process and reported related party disclosures will be in compliance with the framework of the AASB 124 and other relevant standards, as required.

As a general guide, transactions under \$10,000 will not be considered material unless the transaction is of a nature that disclosure would reasonably be merited.

The Council will be cognisant of privacy and right to information requirements when dealing with the identification, retention and disclosure of related party transactions.



Policy

7. RELATED POLICIES OR STRATEGIES

7.1. Legislation

- *Local Government Act 1993*
- *Government Information (Public Access) Act 2009*
- *Privacy and Personal Information Protection Act 1998*
- Australian Accounting Standard AASB 124: Related Party Disclosures
- Office of Local Government Code of Accounting Practice and Financial Reporting

7.2. Council policies and guidelines

- Berrigan Shire Council Code of Conduct
- Procurement and Disposal Policy