

# Related Party Disclosures Policy

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**Financial Services**

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## 1. Objective

The objective of the policy is to ensure that the existence of certain related party relationships and related party transactions concerning key management personnel, their close family members and entities controlled or jointly controlled by any of them, and information about the transactions necessary for users to understand the potential effects on the financial statements are properly identified, recorded in Council's systems, and disclosed in Council's general purpose financial statements in compliance with AASB 124, the *Privacy and Personal Information Protection Act 1998* and the *Government Information (Public Access) Act 2009*.

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## 2. Policy Statement

Council is committed to complying with the disclosure requirements for related party transactions under the Australian Accounting Standards. Disclosure of relevant related party information will provide greater transparency and improve the quality of the financial reporting process.

Council has implemented a system and processes to identify, monitor and disclose related party transactions to manage the risk of non-compliance with related party disclosure objectives of the Australian Accounting Standards.

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## 3. Definitions

In this policy:

**"AASB124"** is the Australian Accounting Standard 124 Related Party Transactions.

**"Close family members or close members of the family"** in relation to a key management person, family members who may expected to influence, or be influenced by, that key management person in their dealings with council and include:

- That person's children and spouse or domestic partner;
- Children of that person's spouse or domestic partner;
- Dependants of that person or that person's spouse or domestic partner.

For the purposes of AASB 124, close family members could include extended members of a family, such as, with limitation, parents, siblings, grandparents, uncles/aunts or cousins *if they could be expected to influence, or be influenced by*, the key management person in their dealings with council.

**"Control"** Control of an entity is present when there is:

- Power over the entity; and
- Exposure or rights to variable returns from involvement with the entity; and
- The ability to use power over the entity to affect the amount of returns received, as determined in accordance with AASB10 – Consolidated Financial Statements, paragraphs 5 to 18, and Appendices A (Defined Terms) and B (Application Guidance).

**“Joint Control”** is 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.

**“Key Management Personnel or Key Management Person or KMP”** is a person(s) having authority and responsibility for planning, directing and controlling the activities of council, directly or indirectly. Specifically, KMP of council includes the Mayor, Councillors, the General Manager and Directors. Other persons may be considered KMP of council if they meet the definition requirements.

Persons acting in a KMP position will not be considered KMP unless they meet the definition requirements or are acting for a period of more than four consecutive weeks.

**“Materiality”** is factors and thresholds determined by Council’s Chief Financial Officer in consultation with the Director Corporate Services, the General Manager and also council’s external auditors.

**“Ordinary citizen transactions (OCTs)”** are transactions that an ordinary citizen would undertake with council, which is undertaken on arm’s length terms and in the ordinary course of carrying out council’s functions and activities. Examples of ordinary citizen transactions assessed to be not material in nature include:

- Paying rates and utility charges;
- Using council’s public facilities after paying the corresponding fees;
- Fees and charges approved by council that are on terms and conditions to the general public and their nature or amount are not material.

**“Related Party”** is a person or entity that is related to council as defined in AASB124, paragraph 9. Examples of related parties are:

- Council subsidiaries;
- Key management personnel;
- Close family members of key management personnel;
- Entities that are controlled or jointly controlled by KMP or their close family members.

**“Related Party Transaction”** is a transfer of resources, services or obligations between the council and a related party, regardless of whether a price is charged. Examples of related party transactions are:

- Purchases or sales of goods;
- Purchases or sales of property and other assets;
- Rendering or receiving of services;
- Rendering or receiving of goods;
- Development applications;
- Leases;
- Commitments to do something if a particular event occurs or does not occur in the future;
- Settlement of liabilities on behalf of council or by council on behalf of that related party.

**“Related Party Transaction Notification or RPT Notification”** is a document entitled Related Party Transaction Notification by KMP in the prescribed form.

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## 4. Scope

This policy applies to all related party transactions, whether they are material or not, which occur between council and a related party.

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## 5. Introduction

All Councillors, the General Manager and Directors are responsible for ensuring that this policy is understood and complied with.

Key management personnel are responsible for identifying their related party relationships and notifying council of any related party transactions.

The Corporate Services Department is responsible for maintaining related party information and is also responsible for preparing disclosure requirements in order to comply with AASB124.

Council will prepare and report related party disclosures in accordance with Australian Accounting Standard requirements. To do this, council will implement a system to identify and capture related party transactions with related parties.

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## 6. Policy Content

### 6.1. Related Party Relationships

Council will identify any entities and KMP that fall within the definition of a related party.

### 6.2. Related Party Transactions

Key Management Personnel must provide a Related Party Transactions Notification (RPT Notification), 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, to the Corporate Services Department in council.

The notification requirement above does not apply to:

- Related party transactions that are ordinary citizen transactions not assessed as being material; and
- For councillors, income received through the payment of Mayoral and Councillor allowances; and
- For councillors, expenses incurred and facilities provided to a councillor during the financial year, under council's Councillors Expenses and Facilities Policy, the particulars of which are contained in council's annual report pursuant to s217 of the Local Government (General) Regulation 2005.

### 6.3. Register of related party transactions

Council will maintain and keep up to date a register of related party transactions that captures and records information required for disclosure purposes for each existing or potential related party transaction (including ordinary citizen transactions assessed as being material in nature) during a financial year.

## 6.4. Information Privacy

Any application seeking access to information either provided through an RPT Notification or information contained in a register of related party disclosures will be considered, assessed and decided in accordance with Council's usual procedures regarding applications made under Government Information (Public Access) Act 2009.

Except as specified in this policy, council and other permitted recipients will not use or disclose personal information provided in a RPT Notification by a KMP or contained in a register of related party transactions for any other purpose or to any other person except with the prior written consent of the subject KMP.

The following persons are permitted to access, use and disclose the information (including personal information) provided in a RPT Notification or contained in a register of related party transactions for the purposes specified in the section below:

- KMP for information about themselves;
- Officers of council's Corporate Services Department responsible for maintaining related party information and preparation of financial reports;
- Director Corporate Services and the General Manager;
- Members of council's Internal Audit Committee;
- An auditor of council (including an auditor contracted by Audit Office of New South Wales).

A person specified above may access, use and disclose information (including personal information) in a RPT Notification or contained in a register of related party transactions for the following purposes:

- To assess and verify a notified related party transaction;
- To reconcile identified related party transactions against those notified in a RPT Notification or contained in a register of related party transactions;
- To comply with the disclosure requirements of the AASB 124;
- To verify compliance with the disclosure requirements of the AASB 124.

An individual may access their personal information provided by a KMP in a RPT Notification or contained in a register of related party transactions in accordance with Council's Privacy Management Plan.

## 6.5. Acting KMP Positions

Employees acting in KMP positions for over a four-week period are required to comply with the Related Party Disclosures Policy and disclose any related party relationships and transactions.

They are responsible for providing any related party relationships and transactions to the Corporate Services Department and completing the Related Party Transactions Notification Form for the duration of the higher duties period.

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