

POLICY



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Policy Title: RELATED PARTIES TRANSACTIONS AND DISCLOSURE

Stream: ORGANISATIONAL SERVICES

Branch: FINANCE

Policy Objective: To provide a framework for governing related-party transactions, reporting related-party transactions, balances and commitments to achieve the level of disclosures required by the Australian Accounting Standard AASB 124 *Related-party disclosures*.

Policy Scope:

This policy ensures Key Management Personnel (KMP) compliance and provides a framework for governance, record-keeping and privacy issues encountered in application of the Australian Accounting Standard AASB 124 *Related-party disclosures* (the standard).

Definitions:

Term	Definition
Close members of the family of a person	Family members who may be expected to influence or be influenced by, that person in their dealings with the entity, and include: <ul style="list-style-type: none"> (a) that person's children and spouse or domestic partner (b) children of that person's spouse or domestic partner, and (c) dependents of that person or that person's spouse or domestic partner.
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly, including the Mayor, Councillors, Chief Executive Officer, directors of Council, and any other personnel seconded to or acting in any of these positions.
A related-party	A person or entity that is related to the Council (the entity that is preparing its financial statements) and can be another entity or person.

The Finance branch shall maintain an administrative procedure in support of this policy including the definition of key terms.

Policy statement:Steps

The Finance Manager shall ensure that the following steps are undertaken in compliance with the standard:

- (a) Council shall identify directly related-party entities including Council subsidiaries, associate companies, joint venture partners and any other entities over which Council has control, joint control or significant influence.
- (b) Council shall identify Council indirect related parties by requesting all Key Management Personnel (KMP) to complete annual declarations including entities over which KMP or their close family members have control, joint control or significant influence.
- (c) KMP shall complete related-party declarations when requested and at least annually for year-end financial reporting purposes including on first time employment of the CEO or a director of Council, on first time appointment as a Councillor or on establishment of a new council after an election, prior to commencing acting arrangements, and at the termination of any of these arrangements.
- (d) The Finance branch shall compile a work paper summarising all related-party transactions, balances and commitments to be provided to Council's delegate auditor for audit purposes, and a disclosure note for inclusion in Council's annual financial statements taking account of the materiality and relevance provisions of this policy and administrative procedure.
- (e) The disclosure note shall be subject to review by the Finance Manager and shall be approved by Council's Audit Committee prior to publication. Any individual disclosures shall be provided to relevant KMP members for scrutiny, where related-party (entity or personal) names have been included in the disclosure note, prior to publication.

Materiality:

Disclosure requirements shall be subject to the materiality provisions contained in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. This standard excludes disclosure of transactions that are not material to the financial statements.

Relevance:

Only relevant related party transactions will be disclosed. Ordinary citizen transactions shall be included in the related party work paper, but not disclosed.

Related Policies/Legislation/Other Documents:

Doc ID	Document Type	Document Name
11081922	Administrative Procedure	Related Parties Transactions and Disclosure Administrative Procedure
10314266	Guidelines	Key Management Personnel Annual Declaration Guideline
10314358	Form	Key Management Personnel Annual Declaration Form