

Policy



STRATEGIC

Related Party Disclosure

Head of Power

Local Government Act 2009.

Local Government Regulation 2012.

Key Supporting Council Document

Lockyer Valley Regional Council Corporate Plan (2017-2022):

5.7 Compliant with relevant legislation

Definitions

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

A Related Party - is a person or entity that is related to Council. The following persons are considered related parties of Council:

- a) a member of the Key Management Personnel and close family members of the Key Management Personnel.
- b) entities controlled or jointly controlled by a member of the Key Management Personnel or their close family members
- c) any person who has significant influence over the reporting entity.

A Related Party Transaction - is a transfer of resources, services or obligation between the entity and a related party, regardless of whether a price is charged.

Significant Influence - is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Close Family Members of Key Management Personnel (KMP) - are family members who may be expected to influence, or be influenced by, that person in their dealings with Council.

Control - is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Ordinary Citizen Transactions (OCTs) - are transactions that an ordinary citizen would undertake with Council, that do not need to be captured and reported for disclosure. Joint control is the contractually agreed sharing of control over an economic activity.

Policy Objective

The purpose of this policy is to define the parameters for Related Party Transactions and the level of disclosure and reporting required for Council to achieve compliance with the *Australian Accounting Standard AASB 124 - Related Party Disclosures*.

Policy Statement

Identifying related parties

Related parties include government-related entities, key management personnel (KMP), their close family members and any entities that they control or jointly control. In accordance with paragraph 14 of AASB 124, to enable users of financial statements to form a view about the effects of related party relationships on an entity it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties. Any transactions with these parties, whether monetary or not, need to be identified for inclusion in Council's annual financial statements.

Government Related Entities

In accordance with AASB 10, AASB11 and AASB 128, Council need to determine if there are any entities that are controlled by Council, jointly controlled by Council or over which Council has significant influence. Any transactions with these parties, whether monetary or not, need to be identified for inclusion in Council's annual financial statements.

Under paragraph 25 of AASB 124 Council is exempt from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with government entities that have control, joint control or significant influence over Council.

Key Management Personnel (KMP)

Council has determined in accordance with AASB 124, that the following positions meet the definition of KMP:

- a) Mayor
- b) Councillors
- c) Chief Executive Officer (CEO)
- d) Group Managers
- e) Chief Financial Officer
- f) Manager Planning, Policy and Community Wellbeing.

Key Management Personnel are to provide an annual declaration identifying:

- a) Their close family members; and
- b) Entities that they control or jointly control; and
- c) Entities that their close family members control or jointly control.

Close Family Members of Key Management Personnel (KMP)

The following will be considered as close family members of KMP:

- a) Children and dependents of the Mayor, Councillors and the CEO
- b) Spouse/domestic partner of the Mayor, Councillors and the CEO
- c) Children and dependents of a spouse/domestic partner of the Mayor, Councillors and the CEO
- d) Children and dependents of a senior staff member that is a KMP
- e) Spouse/domestic partner of a senior staff member that is a KMP
- f) Children and dependents of a spouse/domestic partner of a senior staff member that is a KMP
- g) Other Family Members of a KMP that may be expected to influence, or be influenced by, that person in their dealings with Council.

Close family members will be identified in the Related Party Declaration made by a Key Management Personnel.

Entities that are controlled or jointly controlled by Key Management Personnel or their close family members

Entities include companies, trusts, joint ventures, partnerships and non-profit associations.

Review

A review of all related parties (Key Management Personnel, close family members and related entities) will be conducted twice annually, or in the event of one or more of the following triggers:

- a) Change of Councillor/s or CEO;
- b) Change in Senior Executive Employees;
- c) Corporate restructures;
- d) Change in family structure of KMP.

Identifying ordinary citizen transactions (OCTs)

Council has determined that the following transactions constitute an OCT and are therefore not material for disclosure:

- a) Paying Council fees, rates or charges
- b) Attending Council functions that are open to the public
- c) Payment for goods or services from Council at rates published in Council's Register of Fees and Charges.

In the event that the transaction was to occur on terms and conditions that are different to those offered to the general public, then the transaction may become material.

All other transactions will be assessed as to the need for disclosure.

Related Party Register

Related Party Transactions will be collated in a Related Party Register for audit and reporting purposes.

Disclosing Related Party Transactions

Council will disclose Key Management Personnel compensation in accordance with the requirements of paragraph 17 of AASB 124.

Related Documents

Related Party Disclosures Guideline