



## Related Party Disclosure Policy

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**1.1 Objectives:** The objective of this policy is to detail the process in the collection of relevant information and develop appropriate systems for timely, efficient and reliable collection of the necessary related party disclosure information.

### 1.2 Regulatory Authority:

- Australian Accounting Standards Board
- Local Government Act 2009
- Local Government Regulation 2012
- Information Privacy Act 2009
- ICC's Confidentiality Procedure

**1.3 Policy Statement:** Accounting standard AASB 124 Related Party Disclosure requires transactions between council and related parties to be disclosed in a note to the annual financial statements.

**1.4 Human Rights Commitment:** Ipswich City Council (Council) has considered the human rights protected under the *Human Rights Act 2019 (Qld)* (the Act) when approving and/or amending this policy. When applying this policy, Council will act and make decisions in a way that is compatible with human rights and give proper consideration to a human right relevant to the decision in accordance with the Act.

**1.5 Scope:** The core matter of this policy identifies who are related parties of council, collating and disclosing related party transactions while adhering to the principles in council's Information Privacy procedure.

Related parties of council include:

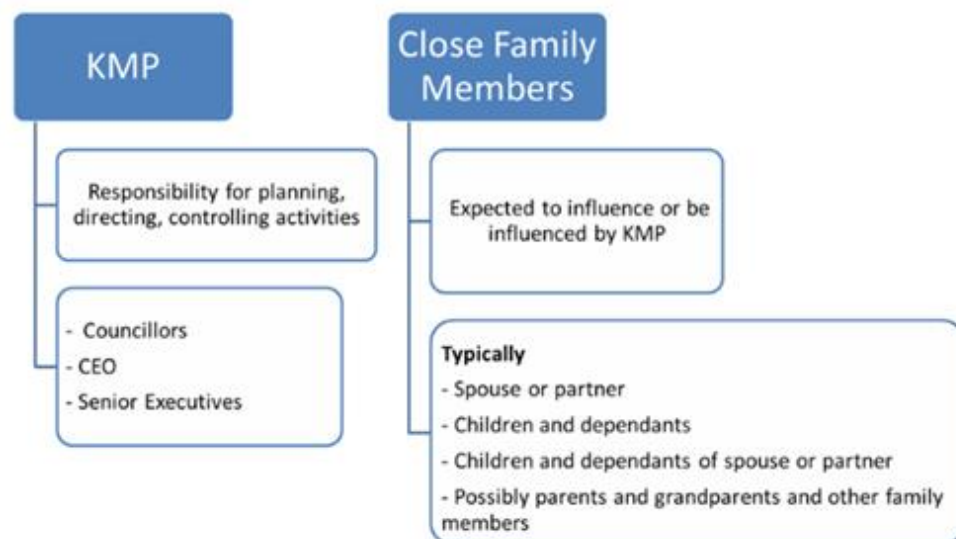
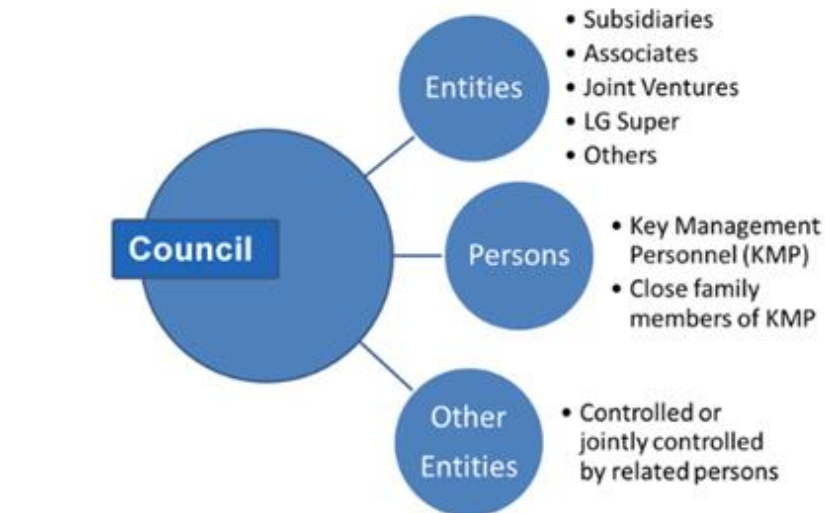
- Entities related to council – Entities controlled by council, jointly controlled by council or over which council has significant influence.
- Key management personnel (KMP) – Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. (eg. mayor, councillors, chief executive officer and chief operating officers).
- Close family members of KMP – Family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.
- Entities that are controlled or jointly controlled by KMP or their close family members.

For the last two points related party information will be obtained from the register of interests and a six monthly declaration completed by the KMP. The onus is on the KMP to disclose the relevant parties on the declaration.

Persons acting as a KMP for a period of six months or greater during a financial year or acted as a KMP for a short-term period, but during that period authorised a contract with a value of \$1m or greater would also be included as a related party.

### What is a related party of council?

The following diagram gives an overview of common related parties that a council will have:



The scope of related party transactions consists of transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Related party transactions include rendering of services, settlement of loans, purchase of goods/services/property, loans, equity contributions, guarantees, commitments and transactions that occur on terms and conditions that are different to those offered to the general public.

Related party transactions will be recorded in a related party register which has restricted access. In preparing the related party disclosure note, the information in the related party register will be assessed in which immaterial and ordinary citizen transactions will be eliminated. The information from the related party register will be summarised and financial amounts will be reported as aggregate totals in the related party disclosure note to the annual financial statements.

**1.6 Roles and responsibilities:** KMPs are required to complete a six monthly declaration which lists those close family members who may be expected to influence, or be influenced by, that person in their dealings with the entity; and entities that are controlled or jointly controlled by the KMP or their close family members.

The Finance Branch is required to collate and record related party transactions in the related party register. After assessing the information in the related party register, this information will be summarised in the related party disclosure note to the annual financial statements.

**1.7 Definitions:** Ordinary Citizen Transactions (OCT) – These are transactions that an ordinary citizen would undertake with council. For example, paying rates, utility charges, and fines on normal terms and conditions. However, the Department of Infrastructure, Local Government and Planning states transactions that are not OCTs include infrastructure charges and purchase of goods, regardless of conditions.

**1.8 Policy Author:** Chief Financial Officer

**Date of Council Resolution:** 18 April 2017

**Committee Reference and Date:** Policy and Administration Board No. 2017(03) of 4 April 2017 – City Management, Finance and Community Engagement Committee No. 2017 (04) of 11 April 2017

**No. of Resolution:** 3

**Date to be Reviewed:** 18 April 2019