
RELATED PARTY DISCLOSURE

APPROVALS

POLICY NUMBER	STAT-POL-097	DOC.ID	4593032
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CATEGORY	Statutory
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POLICY OWNER	Chief Financial Officer
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APPROVAL DATE	23 September 2020	RESOLUTION NUMBER	6858
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OBJECTIVE

The purpose of the policy is to provide clarity on the application of AASB 124 in relation to the annual financial reporting of Council.

SCOPE

This policy applies to the reporting of related party financial transaction of Council unless specifically excluded by the policy. It also applies to the related entities of Council as defined in the standard, the Councillors and other persons defined in this policy as Key Management Personnel.

DEFINITIONS

TERM / ACRONYM	MEANING
AASB 124	The Australian Accounting Standards Board annual reporting standard on Related Party Disclosures.
CEO	Chief Executive Officer.
Contractor	Includes the contractor and personnel of the contracting entity.
Council	Isaac Regional Council.
Councillor	The Mayor and Councillors of the Isaac Regional Council.
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, Senior Executive Employee and any persons in positions, as determined by the Chief Executive Officer, that have been identified as having delegations that influence the financial transactions of Council
Related party/parties	is a person or entity that is related to the entity that is preparing its financial statements as per definition in the Related Party Disclosures AASB Standard – AASB124
Senior executive employee	senior executive employee, of a local government, means an employee of the local government – a. who reports directly to the chief executive officer; and

- b. whose position ordinarily would be considered to be a senior position in the local government's corporate structure.

By way of clarity, this means members of the Executive Leadership Team

POLICY STATEMENT

Council will make the following disclosure in relation to meeting the requirement of AASB 124:

- Related entities as defined in AASB 124.
- Related parties of the Councillors.
- Related parties of the CEO.
- Related parties of the Senior executive employees.
- Related parties of the Manager Financial Services (Chief Financial Officer)
- Related parties of other Key Management Personnel (including contractors) that are determined as having delegations that influence the financial transactions of Council in such a manner that would be determined as material by a reasonable person. The key management personnel positions will be identified annually through a risk management process that utilises budget, delegation limits and annual expenditure.

Council will in relation to ordinary citizen transactions:

- Exclude from the reporting requirements any valid discounts and fee waivers that are available to the party as an ordinary citizen and is available to any ordinary citizen in the same circumstance; and
- Exclude from the reporting requirements any service or benefit provided as part of the normal Council business operation to the party as an ordinary citizen and is available to any ordinary citizen in the same circumstance; but
- Include special waivers or reduction of fees, discounts provided despite late payments, waivers of interest on debts, or any other benefit not excluded that has been provided to the party; and
- Include any Infrastructure charges; and
- Include outstanding balances owed to Council by Key Management Personnel and their related parties.

BACKGROUND

Under the *Local Government Act 2009* and *Local Government Regulation 2012*, (the Acts) Council must produce annual financial statements that comply with Australian Accounting Standards.

From 1 July 2016, the Australian Accounting Standards Board has determined that AASB 124 related party disclosures will apply to government entities, including local governments.

From 2016/17, local governments (Councils) must disclose related party relationships, transactions and outstanding balances, including commitments, in the annual financial statements.

Related parties are likely to include the Mayor, Councillors, Chief Executive Officers (CEO), Senior Executives, their close family members and any entities that they control or jointly control. Any transactions between Council and these parties, whether monetary or not, may need to be identified and disclosed.

This information will be audited as part of the annual external audit by Queensland Audit Office.

PROCEDURE

Council will develop a procedure in relation to Related Party Disclosures that sets out the declaration cycles and requirements for parties, documents the scope of relationships to be declared based on risk and transparency, clarification of ordinary citizen transactions, management of transactions at arm's length and the management of information from a privacy perspective.

LEGISLATIONS AND RELATED GUIDELINES

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- AASB 124 Related Party Disclosures
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements & AASB 128 Investments

REFERENCES

ID	NAME
CORP-PRO-092	Related Party Disclosure Procedure Manual
CORP-FRM-291	Related Party Disclosure Form