



Related Parties Disclosures Council Policy

1. PURPOSE

The Policy demonstrates Balonne Shire Council's commitment to complying with the disclosure requirements for related party transactions under the Australian Accounting Standards. Disclosure of relevant related party information provides for greater transparency, improves the quality of the financial reporting process and reduces the likelihood of corruption fraud.

2. SCOPE & AUTHORITY

This policy applies to related party transactions which occur between council and a related party of key management personnel. The Australian Accounting Standards Board has previously determined that AASB 124 Related Party Disclosures applies to government entities, including local governments from 1 July 2016. Related parties under this standard may differ to those listed on Council's Register of Interest required under the Local Government Regulation 2012. Local governments must disclose related party relationships, transactions and outstanding balances, including commitments, in the annual financial statements. This information will be audited as part of the annual external audit by Queensland Audit Office.

3. POLICY STATEMENT

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 as follows.

3.1 Related Party Relationships

Council will identify any entities and Key Management Personnel (KMP) that fall within the definition of a related party.

3.2 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 Finance & Corporate Services Directorate within council.

The notification requirement above does not apply to:

- a) related party transactions that are ordinary citizen transactions not assessed as being material; and
- b) for councillors, expenses incurred and facilities provided to a councillor during the financial year, under council's Councillor Expenses Reimbursement Policy, the particulars of which are contained in council's annual report pursuant to the Local Government Regulation, section 186.

3.3 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.

3.4 Status of information

Council regards the following information as both personal and confidential and it is Council's intent that it is not available for inspection by or disclosure to the public:

- a) information (including personal information) provided by a key management person in a RPT Notification
- b) personal information contained in a register of related party transactions

3.5 Information Privacy

Noting clause 3.4 above:

- a) 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.



Related Parties Disclosures Council Policy

- b) 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 section 3.5 (c):
- i. the KMP for information about themselves;
 - ii. officers of council's Finance & Corporate Services Department responsible for maintaining related party information;
 - iii. officers of council's Finance & Corporate Services Department responsible for the preparation of financial reporting;
 - iv. members of council's audit committee;
 - v. an auditor of council (including an auditor from the Queensland Audit Office).
- c) A person specified in 3.5 (b) 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:
- i. to assess and verify a notified related party transaction;
 - ii. to reconcile identified related party transactions against those notified in a RPT Notification or contained in a register of related party transactions;
 - iii. to comply with the disclosure requirements of the AASB 124;
 - iv. to verify compliance with the disclosure requirements of the AASB 124.
- d) 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 the Information Privacy Act 2009.

3.5 Right to Information

Noting clause 3.4 above:

- a) It is Council's expectation that any Right to Information application seeking access to the information described in clause 3.4 above must be assessed with strong consideration given to exemption or non-disclosure in accordance with item 8 of Schedule 3 (Exempt information) and items 2, 3 and 16 of part 3 (Factors favouring nondisclosure in the public interest) of Schedule 4 (Factors for deciding the public interest) of the Right to Information (RTI) Act 2009 (Qld).
- b) It is Council's expectation that any Right to Information application seeking access to information other than that described in clause 3.4 above (such as transactional information and documentation related to related party transactions with Council) should be considered, assessed and decided in accordance with the usual protocols for assessing public interest in disclosure under the Right to Information Act 2009 (Qld).

4. RESPONSIBILITIES

4.1 All Councillors and Council Employees

- shall ensure that they understand and comply with this policy to the extent that it applies to them as Key Management Personnel Key, including identifying their related party relationships and notifying any related party transactions to council

4.2 Managers and Directors

- are obliged to respect, promote and act compatibly with this policy
- shall implement localised processes to ensure compliance with this policy

4.3 Director, Finance & Corporate Services

- shall be the custodian of this policy
- shall ensure that training is delivered to facilitate reasonable understanding by Councillors and relevant employees
- shall maintain related party information and prepare and critique any reporting disclosures required to comply with AASB124

4.4 Chief Executive Officer

- shall implement control measures and processes that provide assurance that Council acts in accordance with the policy



Related Parties Disclosures Council Policy

5. RISK

This policy Council addresses the risk of non-compliance with the related party disclosure objectives of the Australian Accounting Standards, which exist to mitigate the likelihood of corrupt conduct by key management personnel. It does this by implementing systems and processes to identify, monitor and disclose transactions between council and the related parties of key management personnel.

6. IMPACTS

Corporate Plan: Goal – 5. Governance; Program Areas – 5.4 High levels of accountability and compliance

Human Rights Compatibility Statement: This Policy has been assessed as compatible with the Human Rights protected under the Human Rights Act 2019

Engagement: This policy has been developed with guidance from Qld State Government resources, Council's Auditors and Audit and Risk Committee and in consultation with the Senior Leadership Group

7. RELATED LAWS

- AASB124 Related Party Disclosures
- Local Government Act 2009 (Ald)
- Local Government Regulation 2012 (Qld)
- Information Privacy Act 2009 (Qld)
- Right to Information Act 2009 (Qld)

8. RELATED COUNCIL DOCUMENTS

- Code of Conduct for Employees
- Councillor Expenses Reimbursement Policy
- Related Party Disclosure Procedure

9. REVISION HISTORY

Revokes: Related Parties Disclosure Policy # 23601 Version 1.0 Adopted by Council 23/02/2016

Previous approved versions:

Nil

Suggested to review by: 21/10/2023

10. DEFINITIONS

AASB124 means the Australian Accounting Standard 124 "Related Party Disclosures"

CEO means the Chief Executive Officer of the Balonne Shire Council appointed in accordance with the Local Government Act 2009.

Council means Balonne Shire Council, its elected Councillors, its management and its employees.



Related Parties Disclosures Council Policy

Council employees means all permanent, casual and temporary employees, contractors, volunteers, apprentices, trainees and work experience students.

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

- a) that person's children and spouse or domestic partner
- b) children of that person's spouse or domestic partner
- c) 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, parents, siblings, grandparents, uncles/aunts or cousins) if they could be expected to influence, or be influenced by, the key management personnel in their dealings with council.

NB that the definition of "close members of the family of a person" as contained in the AASB 124 is broader than the definition of "related" or "relation to a person" for the purpose of a register of interests under the Local Government Regulation 2012 (Qld).

Control of an entity means when there is:

- a) power over the entity; and
- b) exposure or rights to variable returns from involvement with the entity; and
- c) 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 means 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 (KMP) means 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 chief executive officer 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 five consecutive weeks.

Materiality means factors and thresholds determined by the Director Finance & Corporate Services in consultation with council's external auditors.

Ordinary citizen transactions (OCTs) means 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 by their nature or amount are not material.

Related Party means a person or entity that is related to council as defined in AASB124, paragraph 9. Examples include:

- 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 means 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:

- a) purchases or sales of goods
- b) purchases or sales of property and other assets



Related Parties Disclosures Council Policy

- c) rendering or receiving of services
- d) rendering or receiving of goods
- e) development applications
- f) leases
- g) commitments to do something if a particular event occurs or does not occur in the future
- h) settlement of liabilities on behalf of council or by council on behalf of that related party

Related Party Transaction Notification means a document entitled Related Party Transaction Notification by KMP in the prescribed form.

11. ATTACHMENTS

Nil