

COUNCIL POLICY COMPARISON TABLE

COUNCIL POLICY 4.21 Related Party Disclosures			
CURRENT POLICY CONTENT	PROPOSED CONTENT	CHANGE NOTES	COUNCIL COMMENTS
<p>SUSTAINABILITY THEME</p> <p><i>Leadership</i></p>	<p>SUSTAINABILITY THEME</p> <p><i>Leadership</i></p>	No Change	
<p>OBJECTIVES</p> <p>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 Australian Accounting Standard AASB 124 - Related Party Disclosures. This includes ensuring that Key Management Personnel (KMP) are aware of their responsibilities to identify and disclose related parties and transactions.</p>	<p>OBJECTIVE</p> <p>The purpose of this policy is to ensure that the City's financial report contains the disclosures necessary to help ascertain whether its financial position and financial performance may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties in line with the requirements of AASB 124 – Related Party Disclosures. This includes ensuring that Key Management Personnel (KMP) are aware of their responsibilities to identify and disclose related entities and transactions.</p> <p>It is important to note that AASB 124 is not designed to detect and report fraud or misconduct. It is to enhance transparency and accountability of transactions.</p>	Rewording and addition of note regarding intent of AASB 124	
<p>POLICY STATEMENT</p> <p>Council is committed to responsible corporate governance, including compliance with laws and regulations governing related party transactions. Council will implement a system and processes to identify, monitor and disclose related party transactions.</p>	<p>POLICY STATEMENT</p> <p>Council is committed to responsible corporate governance, including compliance with laws and regulations governing related party transactions. Council will implement a system and processes to identify, monitor and disclose related party transactions.</p>	No change	
<p>POLICY DETAILS</p> <p>Related party relationships are a normal feature of commerce and business. A related party relationship could influence the normal business operations of Council even if related party transactions do not occur. The objective of AASB 124 is to ensure that Council's financial reports contain the necessary disclosures to draw attention to the possibility that the financial position and profit or loss may have been affected by the existence of 'related parties' and by transactions, outstanding balances and commitments, with such parties.</p> <p>A <i>related party</i> is a person or entity that is related to the entity that is preparing its financial statements. For the purposes of this policy, are:</p> <ul style="list-style-type: none"> • Entities related to Council; • Key Management Personnel (KMP) of Council • Close family members of KMP; • Possible close family members of KMP's; and • Entities or persons that are controlled or jointly controlled by KMP, or their close family members, or their possible close family members. <p>A <i>related party transaction</i> is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.</p>	<p>POLICY DETAILS</p> <p>Related party relationships are a normal feature of commerce and business. A related party relationship could influence normal operations even if related party transactions do not occur. The objective of AASB 124 is to ensure that Council's financial reports contain the necessary disclosures to draw attention to the possibility that the financial position and profit or loss may have been affected by the existence of 'related parties' and by transactions, outstanding balances and commitments, with such parties.</p> <p>A <i>related party</i> is a person or entity that is related to the local government that is preparing its financial statements (The City). For the purposes of determining the application of the standard, the following are identified as meeting the definition of Related Parties:</p> <ul style="list-style-type: none"> • Entities related to the City (eg an entity set up, controlled, or significantly influenced by the City); • Key Management Personnel (KMP) of the City (eg the Mayor, Elected Members of Council, Chief Executive Officer and Directors); • Close family members of KMP; • Entities or persons that are controlled or jointly controlled by KMP, or their close family members, (eg joint arrangements, joint ventures, companies, sporting clubs). <p>A <i>related party transaction</i> is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.</p>	<p>No change to introductory paragraph.</p> <p>Related party – inclusion of examples of Entities and KMP, removal of "Possible close family members of KMP"</p> <p>Related party transaction – no change</p>	

<p>Key Management Personnel (KMP) are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This includes all Elected Members, Chief Executive Officer and Executive Management Team.</p> <p>1. Annual Process</p> <p>Each year the following steps will be undertaken to ensure complete information is available to meet the requirements of AASB 124 – Related Party Disclosures:</p> <p>1.1 All KMP are responsible for identifying their close family members and entities they or close family members control for each financial years using the KMP related Party Notification form. KMP have a responsibility to identify and report any changes to their related parties in their annual declaration.</p> <p>1.2 All KMP are to complete a KMP Related Party Transactions Declaration form to provide details of any related party transactions in the financial year, between Council and either themselves, their close family members or entities controlled or jointly controlled by them or any of their close family members.</p> <p>1.3 Business system analysis will be conducted to extract details of Council’s transactions, details of KMP financial compensation and to verify KMP declarations;</p> <p>1.4 The information collected will be assessed and determinations made regarding disclosure.</p> <p>2. Related Party Transactions and Disclosure</p> <p>Related Party Transactions are required to be disclosed, regardless of whether a price is charged. For the purposes of determining whether a related party transaction has occurred, the following transactions or provisions of services have been identified as examples:</p> <ul style="list-style-type: none"> • Purchase or sale of goods; • Purchase or sale of property and other assets; • Rendering or receiving goods or services; • Development applications; • Leases; • Commitments to do something if a particular event occurs or does not occur in the future; • Settlements of liabilities on behalf of Council or by Council on behalf of the related party; • Loans and Settlements of liabilities <p>Related party transactions with the exception of ordinary citizen or immaterial transactions, must be disclosed in the Financial Statements in aggregate or by description and must include the following detail:</p>	<p>Key Management Personnel (KMP) are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This includes Elected Members, Chief Executive Officer and Directors.</p> <p>1. KMP Related Party Disclosures</p> <p>All Key Management Personnel will complete a Related Party Notification form:</p> <ul style="list-style-type: none"> • Annually, and • on the commencement of a newly Elected Member; and • on the commencement of employment; and • when they identify any changes to their related parties. <p>All Key Management Personnel will complete a Related Party Transactions Declaration Form:</p> <ul style="list-style-type: none"> • Annually, and • immediately prior to the end of an Elected Member term; and • immediately prior to the termination of employment. <p>The Related Party Disclosures Notification and Transactions Declaration Forms are to be submitted to Treasury & Finance.</p> <p>To ensure complete information is available to meet the requirements of AASB 124 – Related Party Disclosures, all KMP are to:</p> <p>1.1 identify their close family members and entities they or close family members control and report any changes to their related parties.</p> <p>1.2 provide details of any related party transactions in the financial year.</p> <p>All information contained in a disclosure form will be treated in confidence. Generally, related party disclosures in the annual financial report are reported in aggregate and as such, individuals are not specifically identified. Notwithstanding, management is required to exercise judgement in determining the level of detail to be disclosed based on the nature of the transaction or collective transactions and the materiality. Individuals may be specifically identified if the disclosure requirements of AASB 124 so demands.</p> <p>2. Related Party Transactions and Disclosure</p> <p>Related Party Transactions that are deemed material are required to be disclosed, regardless of whether a price is charged. For the purposes of determining whether a related party transaction has occurred, the following transactions or provisions of services have been identified as examples:</p> <ul style="list-style-type: none"> • Purchase, sale or lease of goods, property and other assets; • Rendering or receiving goods or services; • Guarantees given or received; • Development applications; • Leases; • Commitments; and • Loans and Settlements of liabilities. <p>2.1 Business system analysis will be conducted to extract details of transactions, details of KMP financial compensation and to verify KMP declarations.</p>	<p>Key Management Personnel – amended Executive Management Team to Directors.</p> <p>1. Annual Process amended to KMP Related Party Disclosures. Incorporates additional disclosures as per Dept Guideline – “A review of related parties should be undertaken at regular intervals, particularly after local elections where there are changes to the elected members, and when there is CEO and senior management staffing changes.”</p> <p>Previous section 1.3 moved to section 2.1</p> <p>Previous section 1.4 incorporated in new paragraph addressing confidentiality.</p> <p>2. Related Party Transactions and Disclosure</p> <p>Opening paragraph – addition of “that are deemed material”</p> <p>Inclusion of Guarantees in list of examples</p> <p>Incorporation of previous section 1.3 as new section 2.1</p>	
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<ul style="list-style-type: none"> • The nature of the related party relationship; • The nature of the related party relationship; • The nature of the related party relationship; • The nature of the related party relationship; • The amount of the transaction; • The amount of outstanding balances, including commitments, and <ul style="list-style-type: none"> ◦ Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement; and ◦ Details of any guarantee given or received. • Provisions for doubtful debts related to the amount of outstanding balances; and • The expense recognised during the period in respect of bad or doubtful debts due from related parties. <p>The following matters will be considered in determining the materiality and significance of any related party transactions:</p> <ul style="list-style-type: none"> • Significance of transaction in terms of size; • Whether the transaction was carried out on non-market terms; • Whether the transaction is outside normal day-to-day business operations, such as the purchase and sale of assets; • Whether the transaction is disclosed to regulatory or supervisory authorities; • Whether the transaction has been reported to the Financial Accountant or Chief Financial Officer; and • Whether the transaction was subject to Council approval. <p>Regard will also be given for transactions that are collectively, but not individually significant.</p> <p>All transactions involving Related Parties will be captured and reviewed to determine materiality or otherwise of such transactions, if the transactions are Ordinary Citizen Transactions (OCTs), and to determine the significance of each of the transactions.</p> <p>Disclosures that Related Party Transactions were made on terms equivalent to those that prevail in arm's length transactions must be substantiated.</p> <p>3. Ordinary Citizen Transaction (OCT)</p> <p>Transactions with related parties of Council which are of a nature that any ordinary citizen would undertake will not be captured and reported. These transactions are not material transactions because of their nature. However, if the OCT occurs on terms and conditions that are different to those offered to the general public the transaction may become material and subsequently disclosed.</p> <p>4. Records</p> <p>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 will be captured. This will include KMP Notification and Declaration forms and any transactions extracted or collected, whether they are assessed as significant or material or not, will be retained for audit purposes.</p>	<p>Related party transactions except for ordinary citizen or immaterial transactions, must be disclosed in the Financial Statements in aggregate or by description and must include the following detail:</p> <ul style="list-style-type: none"> • The nature of the related party relationship; • The nature of the related party relationship; • The nature of the related party relationship; • The nature of the related party relationship; • The amount of the transaction; • The amount of outstanding balances, including commitments, and <ul style="list-style-type: none"> ◦ Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement; and ◦ Details of any guarantee given or received. • Provisions for doubtful debts related to the amount of outstanding balances; and • The expense recognised during the period in respect of bad or doubtful debts due. <p>The following matters will be considered in determining the materiality and significance of any related party transactions:</p> <ul style="list-style-type: none"> • Significance of transaction in terms of size; • Whether the transaction was carried out on non-market terms; • Whether the transaction is outside normal day-to-day business operations, such as the purchase and sale of assets; • Whether the transaction is disclosed to regulatory or supervisory authorities; • Whether the transaction has been reported to the Financial Accountant or Chief Financial Officer; and • Whether the transaction was subject to Council approval. <p>Regard will also be given for transactions that are collectively, but not individually significant.</p> <p>All transactions involving Related Parties will be captured and reviewed to determine materiality or otherwise of such transactions, if the transactions are Ordinary Citizen Transactions (OCTs), and to determine the significance of each of the transactions.</p> <p>Disclosures that Related Party Transactions were made on terms equivalent to those that prevail in arm's length transactions must be substantiated.</p> <p>3. 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Records Added reference to CP 4.13 and City's Record Keeping Plan</p>	
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	<p>whether they are assessed as significant or material or not, will be retained for audit purposes.</p> <p>The record keeping requirements of Council Policy 4.13 Recordkeeping and the City's Record Keeping Plan will be adhered to.</p>		
<p>KEY TERM DEFINITIONS</p> <p>AASB 124 means the Australian Accounting Standards Board, Related Party Disclosures Standard.</p> <p>Asset - A physical component of a facility which has value, enables a service to be provided and has an economic life of greater than 12 months.</p> <p>Close members of the family of a person - are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Council and include:</p> <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) dependants of that person or that person's spouse or domestic partner. <p>Control – a person or entity is deemed to have control if they have power over the entity; exposure or rights to variable returns from involvement with the entity; and the ability to use power over the entity to affect the amount of returns received, as determined in accordance with AASB 10.</p> <p>Joint Control is the contractual rights or agreed sharing of control of the entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.</p> <p>Entity can include a body corporate, a partnership or a trust, incorporated association, or unincorporated group or body.</p> <p>Incorporated association means an association incorporated under the <i>Associations Incorporation Act 2015 (WA)</i>.</p> <p>KMP Compensation means all forms of consideration paid, payable, or provided in exchange for services provided, and includes:</p> <ul style="list-style-type: none"> • Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free and subsidised goods or services) for current employees; • Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care; • Other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit sharing, bonuses and deferred compensation; • Termination benefits; and • Share-based payment. <p>Material (materiality) means the assessment of whether the transaction, either individually or in aggregate with other transactions, by omitting it or misstating it could influence decisions that users make on the basis of an entity's financial statements. Management will apply professional judgement in consultation with Council's external auditors to assess the materiality of transactions disclosed by related parties and their subsequent inclusion in the financial statements. In assessing materiality, management will consider both the size and nature of the transaction, individually and collectively.</p>	<p>KEY TERM DEFINITIONS</p> <p>AASB 124 means the Australian Accounting Standards Board, Related Party Disclosures Standard.</p> <p>Asset - A physical component of a facility which has value, enables a service to be provided and has an economic life of greater than 12 months.</p> <p>Close family members of KMP - are those family members who may be expected to influence, or be influenced by, the KMP in their dealings with the Council and include:</p> <ul style="list-style-type: none"> (a) that person's spouse or domestic partner, parents, stepparents, siblings, grandparents, aunts, uncles, cousins, and children; and (b) children and dependents of that person's spouse or domestic partner; and (c) any other close family member. <p>Control – a person or entity is deemed to have control if they have power over the entity; exposure or rights to variable returns from involvement with the entity; and the ability to use power over the entity to affect the amount of returns received, as determined in accordance with AASB 10.</p> <p>Joint Control is the contractual rights or agreed sharing of control of the entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.</p> <p>Entity can include a body corporate, a partnership or a trust, incorporated association, or unincorporated group or body.</p> <p>Incorporated association means an association incorporated under the <i>Associations Incorporation Act 2015 (WA)</i>.</p> <p>KMP Compensation means all forms of consideration paid, payable, or provided in exchange for services provided, and includes:</p> <ul style="list-style-type: none"> • Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free and subsidised goods or services) for current employees; • Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care; • Other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit sharing, bonuses and deferred compensation; • Termination benefits; and • Share-based payment. 	<p>AASB 124 – no change</p> <p>Asset – no change</p> <p>Close family members of KMP – revised in line with Dept Guideline examples.</p> <p>Control – no change</p> <p>Joint control – no change</p> <p>Entity – no change</p> <p>Incorporated Association – no change</p> <p>KMP Compensation – no change</p> <p>Materiality – removed as included in content of section 2</p>	

<p>Ordinary Citizen Transaction means a transaction 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 are:</p> <ul style="list-style-type: none"> • Use of Council facilities, equipment and services in accordance with Council's fees, charges and policies; • Payment of rates and charges; • Attendance at Council functions and activities that are open to the public; • Payment of fines and other penalties on normal terms and conditions; and • Related party transactions occurring during the course of delivering Council's public service objectives and which occur on no different terms to that of the general public. <p>Possible (Possibly) Close members of the family of a person are those family members who could be expected to influence, or be influenced by, that person in their dealings with the Council and include:</p> <p>(a) that person's brothers' and sisters'; (b) aunts', uncles', and cousins' of that person's spouse or domestic partner; (c) dependants of those persons' or that person's spouse or domestic partner as stated in (b); and (d) that person's or that person's spouse or domestic partners', parents' and grandparents'.</p> <p>Significant (significance) means likely to influence the decisions that users of the Council's financial statements make having regard to both the extent (value and frequency) of the transactions, and that the transactions have occurred between the Council and related party outside a public service provider/ taxpayer relationship.</p>	<p>Ordinary Citizen Transaction means a transaction 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 are:</p> <ul style="list-style-type: none"> • Use of Council facilities, equipment and services in accordance with Council's fees, charges and policies; • Payment of rates and charges; • Attendance at Council functions and activities that are open to the public; • Payment of fines and other penalties on normal terms and conditions; and • Related party transactions occurring during the course of delivering Council's public service objectives and which occur on no different terms to that of the general public. <p>Significant influence - the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies as defined in AASB 128.</p>	<p>Ordinary Citizen Transaction – no change</p> <p>Possible Close members – removed</p> <p>Significant influence – reworded</p>	
<p>ROLES AND RESPONSIBILITIES</p> <p>All Councillors, CEO and Directors are responsible for ensuring that this policy is understood and complied with.</p> <p>Key Management Personnel are responsible for identifying their related party relationships and notifying any related party transactions.</p> <p>The Chief Financial Officer is responsible for the implementation of this policy, including maintaining related party information and for preparing disclosure requirements in order to comply with AASB 124.</p>	<p>ROLES AND RESPONSIBILITIES</p> <p>All Council Members, CEO and Directors are responsible for ensuring that this policy is understood and complied with.</p> <p>Key Management Personnel are responsible for identifying their related party relationships and notifying any related party transactions.</p> <p>The Chief Financial Officer is responsible for the implementation of this policy, including maintaining related party information and for preparing disclosure requirements in order to comply with AASB 124.</p>	<p>Council Members term used</p>	
<p>WORKPLACE INFORMATION</p> <p><i>Local Government Act 1995</i></p> <p><i>AASB 124 Related Party Disclosures</i></p> <p><i>AASB 10 Consolidated Financial Statement</i></p> <p><i>AASB 11 Joint Arrangements</i></p> <p><i>AASB 128 Investments in Associates and Joint Ventures</i></p> <p><i>Council Policy 4.2 Code of Conduct for Elected Members and Committee Members</i></p>	<p>WORKPLACE INFORMATION</p> <p><i>Local Government Act 1995</i></p> <p><i>Local Government (Model Code of Conduct) Regulations 2021</i></p> <p><i>Local Government (Administration) Regulations 1996</i></p> <p><i>Local Government (Financial Management) Regulations 1996</i></p> <p><i>AASB 124 Related Party Disclosures</i></p> <p><i>AASB 10 Consolidated Financial Statement</i></p> <p><i>AASB 11 Joint Arrangements</i></p> <p><i>AASB 128 Investments in Associates and Joint Ventures</i></p> <p><i>Council Policy 4.2 Code of Conduct for Council Members, Committee Members and Candidates</i></p> <p><i>Council Policy 4.13 Recordkeeping</i></p>	<p>Added: Local Government (Model Code of Conduct) Regulations Local Government (Administration) Regulations Local Government (Financial Management) Regulations</p> <p>Title of Council Policy 4.2 updated Added: Council Policy 4.13</p>	

Department of Local Government, Sport and Cultural Industries – Related Party Disclosures – Guideline for compliance with Australian Accounting Standard AASB 124 by Local Governments

Added:
Department Guideline

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate Services		Chief Financial Officer	Biennial	2023
Version	Decision Reference		Synopsis	
3.	CCS643	26/10/2021	Policy Review	

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate Services		Chief Financial Officer	Biennial	2026
Version	Decision Reference		Synopsis	
4.	CS XXX	XX/XX/2024	Policy Review	