

POLICY LOCATION	Corporate Services	POLICY TITLE	Related Party Transactions
POLICY NUMBER	CA07	DATE ADOPTED	[10 March 2021
REVISION NUMBER	2	REVISION DATE	March 2024

Purpose

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*.

Scope

This Policy applies to:

- All Councillors
- The Chief Executive Officer
- The Director Works and Technical Services or equivalent
- The Director Community Development or equivalent
- The Director Corporate Services or equivalent, and
- Any other persons identified by Council as meeting the definition of Key Management Personnel.

Definitions

“**AASB 124**” means Australian Accounting Standard 124 – *Related Party Disclosures*

“**At arm’s length**” means that transactions occurring as a result of Councils operating policy and procedures.

“**Close Family Member**” means a spouse or domestic partner of a KMP, children or other dependants of a KMP (including children or other dependants of a spouse or domestic partner), parents, siblings, and other relatives of a KMP if it is reasonable to expect they may be influenced or influence by the KMP.

“**Council**” means Buloke Shire Council.

“**Key Management Personnel (KMP)**” means any persons who have authority and responsibility for planning, directing and controlling the activities of Council either directly or indirectly, including but not limited to all Councillors, the Chief Executive Officer, the Director Works and Technical Services, the Director Community Development, and the Director Corporate Services.

“**Ordinary Citizen Transactions (OCT)**” means transactions by ordinary citizens undertaken in the normal course of Council operations and at arm’s length. Council considers such transactions to include payment of rates, fees and charges; payment of infringements and fines on normal terms

and conditions, and; provision of care under the Home and Community Care program to persons independently assessed in accordance with Federal and State guidelines.

“Related Parties” may include subsidiaries of Council, entities controlled or jointly controlled by Council, close family members of KMP, or entities controlled or jointly by KMP or close family member of KMP.

“Related Party Transactions” include transactions between key management personnel or a related party of key management personnel and Council.

“Significant Transactions” means transactions that are deemed to be of public interest, including application for permits after paying the normal fee.

Policy Statement

Council, in complying with disclosure requirements in AASB 124, will:

- Identify Key Management Personnel
- Identify related party relationships and related party transactions, other than ordinary citizens transactions as defined
- Establish and maintain systems to identify and capture related party transactions, including the required information about those transactions
- Identify the circumstances in which disclosures of transactions identified are required
- Assess the transactions to be material or significant, and
- Determine the category of disclosure to be made about transactions in the Financial Statements of the Annual Report of Operations for the purpose of complying with AASB 124.

Guidelines

1. Council is responsible for ensuring adequate resources are available for the continued development and implementation of transparent financial management methodologies, including requirements under AASB 124 relating to the identification and reporting of Related Party Transactions.
2. The Director Corporate Services, in consultation with the Chief Executive Officer, is responsible to ensure Related Party Transactions are reported in the Councils Annual Report of Operations in accordance with AASB124.
3. Key Management Personnel are responsible for completing and submitting related party relationships and related party transactions declarations, whether monetary or non-monetary, as follows:
 - a. on a six monthly basis, or
 - b. following a change of personal circumstances, or
 - c. following a General Election, or
 - d. following an organisational restructure, or
 - e. following an appointment to a position defined by Council as meeting the definition of Key Management Personnel, or
 - f. For any other circumstances as determined by Council.

4. Where an employee is undertaking higher duties in a vacant position which meets the definition of Key Management Personnel, the employee will be required to make disclosures under AASB 124 for the period they are engaged in higher duties. Council will include remuneration of such employee during this period in aggregate form in accord with its requirements.
5. The Manager Finance is responsible for ensuring all reportable remuneration and related party transactions, as identified by Key Management Personnel and/or through other processes adopted by Council, are prepared on an annual basis.
6. Council's Governance Officer, in consultation with the Manager Finance and Director Corporate Services, is responsible for maintaining a register and evidence of monetary and non-monetary related transactions.
7. Transactions deemed 'significant' will be disclosed separately in the Financial Statements all other transactions will be aggregated and reported under appropriate headings in accordance with AASB 124.
8. Ordinary Citizens Transactions will not be included for the purposes Council's reporting requirements under AASB 124.
9. Information collected will be maintained in accordance with the *Privacy and Data Collection Act 2014*. Information will only be disclosed where such disclosure is required law or Regulations.

References

This Policy was developed in accord with the following legislation regulations and standards:

- *Local Government Act 2020*
- *Privacy and Data Protection Act 2014*
- *Australian Accounting Standards AASB 124 – Related Party Disclosure*
- *Australian Accounting Standards AASB 10 – Consolidated Financial Statements*
- *Australian Accounting Standards AASB 11 - Joint Arrangements*
- *Australian Accounting Standard AASB 128 – Investments in Associates and Joint Ventures*

This Policy is implemented in conjunction with the following documents:

- Buloke Shire Council Procurement Policy
- Local Government Victoria – Accounting for Related Party Disclosures 2016-17 – LGV FG 3 – 2017
- Buloke Shire Council Code of Conduct
- Buloke Shire Council Staff Code of Conduct