

RELATED PARTY DISCLOSURE PROCEDURE



1 Scope

This procedure applies to related party transactions between Rockhampton Regional Council and related parties who include but may not be limited to Council's key management personnel, Councillors and their close family members.

2 Purpose

The purpose of this procedure is to ensure relevant transactions are identified, recorded and disclosed in compliance with the Australian Accounting Standard AASB 124 *Related Party Disclosures* and the Australian Implementation Guidance for Not-For-Profit Public Sector Entities.

3 Related Documents

3.1 Primary

Related Party Disclosure Policy

3.2 Secondary

Local Government Act 2009

Local Government Regulation 2012

Statutory Bodies Financial Arrangements Act 1982

Australian Accounting Standard AASB 10 *Consolidated Financial Statements*

Australian Accounting Standard AASB 124 *Related Party Disclosures*

Australian Accounting Standard AASB 128 *Investments in Associates and Joint Ventures*

Australian Implementation Guidance for Not-For-Profit Public Sector Entities

Register of Declarations and Related Party Transactions

Related Party Declaration by Key Management Personnel Form

4 Definitions

To assist in interpretation, the following definitions apply:

ABIC	Audit and Business Improvement Committee
Arm's Length Term	Terms between parties that are reasonable in the circumstances of the transaction that would result from: (a) Neither party bearing the other any special duty or obligation; (b) The parties being unrelated and uninfluenced by the other; and (c) Each party having acted in its own interest.
Aurion	Council's corporate HR system.

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CEO	Chief Executive Officer A person who holds an appointment under section 194 of the <i>Local Government Act 2009</i> . This includes a person acting in this position.
Close Family Members or Close Members of the Family ¹	In relation to a key management person, family members who may be expected to influence, or be influenced by, that KMP 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; and (c) Dependants of that person or that person's spouse or domestic partner. For the purpose of the AASB 124, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) if they could be expected to influence, or be influenced by, the KMP in their dealings with Council.
Control	Control of an entity is present when there is: (a) Power over the entity; (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 AASB 10 <i>Consolidated Financial Statements</i> , paragraphs 5 to 18, and Appendices A (Defined Terms) and B (Application Guidance).
Council	Rockhampton Regional Council
Councillors	The Mayor and Councillors of Council, within the meaning of the <i>Local Government Act 2009</i> .
HR	Human Resources
IT	Information Technology
Joint Control	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.
Joint Venture	An arrangement of which two or more parties have joint control and have right to the net assets of the arrangement.
Joint Venturer	A party to a joint venture that has joint control of that joint venture.

¹ The definition of "close members of the family of a person" as contained in the AASB 124 is broader than the definition of "related" in relation to a person for the purpose of a register of interests under the *Local Government Regulation 2012*.

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KMP	Key management personnel or key management person. Person(s) having authority and responsibility for planning, directing and controlling the activities of Council. Specifically, key management personnel of Council are: (a) The Mayor; (b) Councillors; (c) CEO; (d) General Manager Organisational Services; (e) General Manager Regional Services; (f) General Manager Community Services; (g) General Manager Advance Rockhampton; and (h) General Manager Workforce and Governance. The definition excludes any persons acting in the roles for less than a four week period, unless otherwise nominated by the CEO.
Ordinary Citizen Transactions	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 are: (a) Paying rates and utility charges; and (b) Using Council's public facilities after paying the corresponding fees.
Pathway	Pathway Request Module. Council's customer request/enquiry and complaints system.
Related Party	A person or entity that is related to Council pursuant to the definition contained in the AASB 124, paragraph 9. Examples of related parties of Council are: (a) Council subsidiaries; (b) KMP; (c) Close family members of KMP; and (d) Entities that are controlled or jointly controlled by KMP or their close family members.
RPT	Related party transaction. A transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged. Examples of RPTs are: (a) Purchases or sales of goods, property and other assets; (b) Rendering or receiving of services; (c) Leases; (d) Transfers under licence agreements; (e) Transfers under finance arrangements (example, loans); Financial arrangements are subject to the <i>Statutory Bodies Financial Arrangements Act 1982</i>. (f) Provision of guarantees (given or received); Guarantees are financial arrangements that are subject to the <i>Statutory Bodies Financial Arrangements Act 1982</i>. (g) Commitments to do something if a particular event occurs or does not occur in the future; and (h) Settlement of liabilities on behalf of Council or by Council on behalf of that related party.

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Significant Influence	The power to participate in the financial and operating policy decisions of another entity but is not in control or joint control of those policies, as determined in accordance with Australian Accounting Standard AASB 128 <i>Investments in Associates and Joint Ventures</i> , paragraphs 5 to 9.
Technology One R1	Council's corporate enterprise system.

5 Procedure

5.1 Identification of KMP

KMPs of Council are identified through reference to Aurion and the organisational structure. Any changes to KMP of Council are identified by the Coordinator Accounting Services and communicated to the Financial Systems Unit to establish new selection codes in Technology One R1.

The Coordinator Accounting Services coordinates the identifying of KMPs.

5.2 Declaration of Related Parties

Related party declarations are identified and notified by the completion of the Council Related Party Declaration by KMP Form.

A Related Party Declaration by KMP Form and relevant information are forwarded to identified KMP for completion on an annual basis.

A Related Party Declaration by KMP Form is required to be completed within 30 days:

- (a) By a new KMP when they commence acting in a position for a period greater than four weeks;
- (b) By a new KMP when they commence employment or elected/appointed as a Councillor with Council; and
- (c) Where an existing KMP becomes aware of a new related party; and
- (d) Where the CEO deems it necessary to complete a declaration.

Where declarations are not complete or not completed correctly, they are returned to the KMP.

The Coordinator Accounting Services coordinates the declaration process.

5.3 Register of Declarations and Related Party Transactions

Declarations of related parties are recorded in the Register of Declarations and RPTs which reflect the content of the declaration forms submitted by KMPs. The declarations may need to be added to the register, existing records modified, or existing records removed based on the declaration forms received.

Any changes to the register are communicated to the Accounts Payable Unit by the Coordinator Accounting Services. The Accounts Payable Unit records the relevant selection code against the entity (related party) in Technology One R1.

Access to the Register of Declarations and RPTs is limited to officers who require access to use the data for reporting purposes (for example, officers in the Accounts Payable and IT Units to create system flags, or the Management Accounting Unit to facilitate identification and assessment of transactions).

The Register of Declarations and RPTs is managed by the Coordinator Accounting Services.

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5.4 Identify and Collate RPTs

Transactions with related parties are identified by extracting:

- (a) Transactions from Technology One R1 with entities flagged as related parties in the Register of Declarations and RPTs (Management Accounting Unit);
- (b) Transactions from Pathway with entities flagged as related parties in the Register of Declarations and RPTs (IT Unit);
- (c) Corporate Card Transactions Reports (Accounts Payable Unit) and reviewing (Management Accounting Unit); and
- (d) HR/payroll data from Aurion (Management Accounting Unit).

Data extracts from these organisational systems are coordinated, collated and reviewed by the Management Accounting Unit to produce a report of RPTs.

5.5 Review of RPTs for Reporting in the General Purpose Financial Statements

The Management Accounting Unit provides the report of RPTs and recommendations relating to RPTs to the Coordinator Accounting Services.

The Coordinator Accounting Services reviews and approves RPTs for disclosure in the general purpose financial statements.

5.6 Draft Related Party Disclosures for Review and Approval

The Management Accounting Unit prepares draft related party disclosures for the annual financial report.

The Coordinator Accounting Services reviews draft related party disclosures for the annual financial report.

The ABIC reviews related party disclosures as a component of the annual financial report and provides any feedback to the Mayor and CEO prior to signing.

5.7 Related Party Disclosure Task List

Task	Responsibility	Timing
Identify KMP (including Acting KMPs) from Aurion and organisational structure	Coordinator Accounting Services	April
Request KMP to complete a Related Party Transactions Declaration by KMP Form	Coordinator Accounting Services	May
Completed forms returned and queries followed up	Coordinator Accounting Services	June
Update selection codes in Technology One R1 for any changes to KMPs	Financial Systems Unit	June
Update Register of Declarations and RPTs	Coordinator Accounting Services	June
Update Technology One R1 selection codes for entities noted as related parties	Accounts Payable Unit	June
Extract Technology One R1 reports for transactions with entities noted as related parties; and KMP	Management Accounting Unit	July
Request Pathway reports for transactions with entities noted as related parties; and KMP (IT service desk request)	Management Accounting Unit/IT Unit	July
Request Corporate Purchase Card Transactions Reports	Management Accounting Unit/Accounts Payable Unit	July
Collate and review corporate card transactions reports for transactions with entities noted as related parties; and KMP	Management Accounting Unit	July

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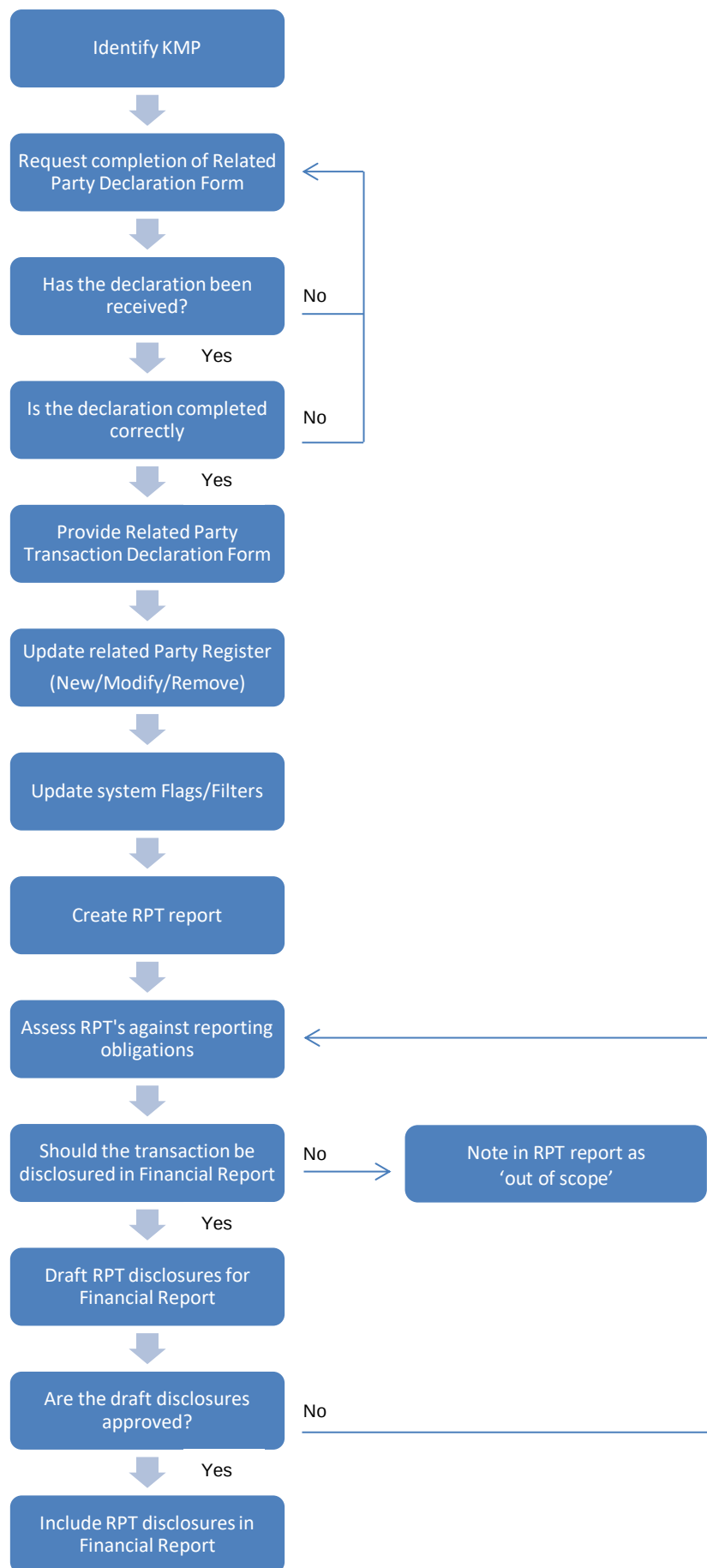
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Task	Responsibility	Timing
Request Aurion Year End Reports	Management Accounting Unit	July
Collate system reports (Technology One R1, Pathway, Aurion, corporate purchase cards) and extract RPTs	Management Accounting Unit	July
Prepare draft annual financial report RPT disclosures based on June review	Management Accounting Unit	August
Review draft annual financial report RPT disclosures	Coordinator Accounting Services	August
Review RPT disclosures in Annual Financial Report and provide any feedback to Mayor and CEO prior to signing	ABIC	September

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5.8 Related Party Procedure Flow Chart



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6 Review Timelines

This procedure is reviewed when any of the following occur:

- (a) The related information is amended or replaced; or
- (b) Other circumstances as determined from time to time by the General Manager Organisational Services.

7 Document Management

Sponsor	Chief Executive Officer
Business Owner	General Manager Organisational Services
Policy Owner	Manager Finance
Policy Quality Control	Legal and Governance



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