

1. Purpose

Under the *Local Government Act 1993* and *Local Government (General) Regulation 2021*, all local governments must produce annual financial statements that comply with Australian Accounting Standards.

From 1 July 2016, the Australian Accounting Standards Board amended the AASB 124- Related Party Disclosures to set out that Council's Financial Statement must also contain the necessary disclosures for Related Parties and transactions.

2. Objectives

This policy is to provide guidance on identifying Council's related parties, related party transactions and how to record them in Council's systems and disclose in Council's General Purpose Financial Statements in accordance with AASB 124.

3. Scope

This policy applies to Key Management Personnel (KMP) and related parties of Warrumbungle Shire Council.

4. Legislation and Associated Documents

ASSOCIATED POLICIES	<ul style="list-style-type: none">
ASSOCIATED LEGISLATION	<ul style="list-style-type: none"> <i>Local Government Act 1993</i> <i>Local Government (General) Regulation 2021</i>
ASSOCIATED DOCUMENTS	<ul style="list-style-type: none"> AASB 124- Related Party Disclosures Code of Conduct

5. Definitions

Term	Definition
KMP	Key Management Personnel
AASB	Australian Accounting Standards Board

6. Policy Statement

Identifying Related Parties

6.1 Key Management Personnel

Key management personnel (KMP) have been defined for this policy as those who have authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. These include but are not limited to:

- (a) Mayor;
- (b) Councillors;
- (c) General Manager;
- (d) Directors;

All key management personnel are responsible for self-assessing theirs, their close family members' and their related entities' relationship with Council. All related parties must be included in the self assessment.

Self assessment will be recorded on the Related Party Disclosure form. Transactions with related parties will also be identified through Council's accounts payable, accounts receivable, applications, payroll and document management systems.

6.2 Close family members of KMP

Close family members of a KMP are those who may be expected to influence, or be influenced by, the KMP in their dealings with Council. This includes but is not limited to:

- (a) The KMP's children and spouse or domestic partner;
- (b) Children of the KMP's spouse or domestic partner; and
- (c) Dependants of the KMP or the KMP's spouse or domestic partner.

Key management personnel are responsible for identifying their close family members through the self assessment process.

6.3 Related entities to KMP

Related Entities to Key management personnel are identified in this policy as:

- (a) Entities controlled or jointly controlled by a KMP of Council;
- (b) Entities, apart from Council, which a KMP has significant influence over or is a member of the key management personnel of the entities (or of a parent of the entities);
- (c) Entities controlled or jointly controlled by a close family member of a KMP of Council;

Key management personnel are responsible for identifying their related entities through the self assessment process.

6.4 Related entities to Council

An entity is related to Council if any of the following conditions applies:

- (a) The entity and Council are members of the same group;
- (b) The entity is an associate or joint venture of the Council (or an associate or joint venture of a member of a group of which Council is a member);
- (c) The entity is a joint venture of a third entity and Council is an associate of the third entity;
- (d) The entity is a post-employment benefit plan for the benefit of employees of Council or a Council's related entity;
- (e) The entity, or any member of a group of which it is a part, provides key management personnel services to Council.

Assessment of Related Party Transactions

6.5 Ordinary Citizen Transaction

Ordinary Citizen Transaction for the purpose of this policy is a transaction that happens between the Council and key management personnel and/or their related parties which satisfy the following criteria:

- (a) Occurs during the course of Council delivering its public service objectives;
- (b) Contains no different term to one that are of the general public;

- (c) Belongs to a class of transactions that an ordinary citizen of the community would transact with the Council;
- (d) This includes but is not limited to payment of rates for properties owned by the key management personnel and dog registration.

Any transaction that are deemed to be ordinary citizen transactions (see above definition) will not be required to be disclosed in the Related Party Disclosure.

Transactions between Council and related parties that would normally be considered ordinary citizen transactions but where the terms and conditions differ from normal practice will not be considered to be an ordinary citizen transaction for the purposes of this policy.

These are required to be disclosed as Non-ordinary Citizen Transactions

6.6 Non Ordinary Citizen Transactions

A related party transaction for the purpose of this policy is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged.

All related party transactions that do not satisfy the definition of an Ordinary Citizen Transaction (see definition in 2.1) are then classified as Non-ordinary Citizen Transactions and must be disclosed as part of the Related Party Disclosure in accordance with AASB 124.

The following are examples of transactions that must be disclosed if they are with a related party and are not an Ordinary Citizen Transaction:

- (a) Purchases or sales of goods (finished or unfinished);
- (b) Purchases or sales of property and other assets;
- (c) Rendering or receiving of services;
- (d) Leases;
- (e) Transfers of research and development;
- (f) Transfers under licence agreements;
- (g) Transfers under finance arrangements (including loans and equity contributions in cash or in kind);
- (h) Provision of guarantees or collateral;
- (i) Commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised); and
- (j) Settlement of liabilities on behalf of Council or by Council on behalf of the related party.

All key management personnel are responsible for self-assessing and disclosing theirs, their close family members' and their related entities' related party transactions with Council.

Self assessment will be recorded on the Related Party Disclosure form.

6.7 Disclosed Information

For each category of related party transactions specified in Section 2.2., Council will disclose the following information in Council's General Purpose Financial Statements:

- (a) The nature of the related party relationship;
- (b) The amount of the transactions;

- (c) The amount of outstanding balances, including commitments, and:
 - (i) Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - (ii) Details of any guarantees given or received;
- (d) Provisions for doubtful debts related to the amount of outstanding balances; and
- (e) The expense recognised during the period in respect of bad or doubtful debts due from related parties.

6.8 Disclosure

For each related party category specified in Section 1, Council will disclose information specified in Section 3 for related party transactions of a similar nature in aggregate except when separate disclosure is necessary for an understanding of the effects of the transactions on the Financial Statements of Council, having regard to the following criteria:

- (a) the nature of the related party relationship;
- (b) the significance of the transaction (individually or collectively) in terms of size or value on Council's Financial Statement.

Information Privacy

6.9 Who can access the information

The following persons are permitted to access, use and disclose the information provided in a related party disclosure or contained in a register of related party transactions for the purposes specified in Section 5.2:

- (a) the General Manager;
- (b) the Responsible Accounting Officer, the Chief Financial Officer, Director of Corporate and Community Services;
- (c) an Auditor of Council (including an Auditor from the NSW Auditor General's Office);
- (d) Other Officers as delegated by the General Manager.

6.10 Permitted Purposes

Persons specified in Section 5.1 may access, use and disclose information in a related party disclosure or contained in a register of related party transactions for the following purposes:

- (a) to assess and verify the disclosed related party transaction;
- (b) to reconcile identified related party transactions against those disclosed in the related party disclosure or contained in a register of related party transactions;
- (c) to comply with the disclosure requirements of AASB 124;
- (d) to verify compliance with the disclosure requirements of AASB 124.

6.11 Confidential

The following information is classified as confidential and is not available for inspection by or disclosure to the public:

- (a) information (including personal information) provided by a KMP in a related party disclosure; and
- (b) personal information contained in a register of related party transactions.

6.12 Exemption

Council and all persons specified in 5.1 must not use or disclose personal information provided in a related party disclosure or contained in a register of related party transactions for any other purpose or to any other person except those which are specified in this Policy unless a written consent has been obtained from the subject KMP.

6.13 Related Party Disclosure

In accordance with the policy, KMP must provide a related party disclosure in the form set out in Attachment A by no later than the following periods during a financial year:

- (a) 30 December each year;
- (b) 30 June each year.

7. Responsibilities

Department and staff responsible for the day to day application of the policy

8. Getting Help

The staff member who can assist with enquiries about the policy

Position: Director Corporate and Community Services

Department: Corporate and Community Services

9. Version Control

DEPARTMENT	Corporate and Community Services		
RESPONSIBILITY	Director Corporate and Community Services		
VERSION CONTROL			
Policy Name	Id No and Version	Resolution	Date Adopted
Related Party Disclosure Policy	1	215/1617	16 March 2017
Related Party Disclosure Policy	2	226/2122	17 March 2022
Next Review Date	September 2025		

Related Party Disclosure Policy

Strategic

Attachment A: Related Party Disclosure Form

Name of Key Management Personnel: _____

Position of Key Management Personnel: _____

Please read Council's **Related Party Disclosure Policy** prior to completing this form, which explains what is a related party transaction and the purposes for which Council is collecting and will use and disclose, the related party information provided by you in this form.

Please complete the table below for each related party transaction with Council that you, or a close family member or any entity related to you:

(a) has previously entered into and which will continue in the 2021/2022 financial year

(b) has entered into in the 2021/2022 financial year.

Related Party's name (Your name or your related party's name)	Related Party's relationship to you	Description of transactions with Council	Date of transaction	Amount (Leave blank if non-monetary)

Related Party Disclosure Policy

Strategic

Related Party's name (Your name or your related party's name)	Related Party's relationship to you	Description of transactions with Council	Date of transaction	Amount (Leave blank if non-monetary)

Declaration

I _____, _____, declare that to the best of my knowledge,

(Full name)

(Position)

information and belief, as at the date of this declaration, the above list includes all existing related party transactions with Warrumbungle Shire Council involving myself, my close family members, or other related entities to me, that are relevant to the 2021/2022 financial year.

I make this declaration; after reading the Related Party Disclosure Policy of Warrumbungle Shire Council, which details the meaning of the words "related party", "related party transaction", "close family members", "related entities" and the "key management personnel" which I am a part of as well as the purposes for which this information will be used and disclosed.

I permit the Responsible Accounting Officer and the other permitted persons specified in Council's Related Party Disclosure Policy to access and use this information for the purposes specified in that policy.