

1 Purpose

This policy sets out the guidelines for the identification, implementation and reporting of related party transactions to meet Council's financial reporting obligations under *Australian Accounting Standards Board (AASB) 124 Related Party Disclosures*.

2 Scope and applications

From 1 July 2016, the Australian Accounting Standards Board has determined that *AASB 124 Related Party Disclosures* will apply to government entities, including local governments.

Related parties under this standard may differ to those listed on a Council's Registers of Interest required under *Local Government Regulation 2012*.

Local governments must disclose related party relationships, transactions and outstanding balances including commitments in the annual financial statements where the rules of materiality apply.

3 Principles

Related parties of council include:

- Entities controlled by Council, jointly controlled by Council or over which Council has a significant influence.
- Key management personnel (KMP) which includes the Mayor, Councillors, Chief Executive Officer (CEO), General Managers, their close family members and any entities that they control, or jointly control or have significant influence over.

Any transaction between Council and these parties, whether monetary or not, may need to be identified and disclosed.

In addition to upholding the principles outlined above, Council is committed to upholding the obligations within the *Human Rights Act 2019*.

4 Content

4.1 Identifying and recording related parties and related party relationships

1. Related parties for the entity, Toowoomba Regional Council, will be determined by the Governance and Legal Services (GLS) and Financial Services Branches (FBS).
2. Related parties for Key Management Personnel (KMP) will be identified by self-assessment. KMP of Council will make a declaration of related parties.
3. GLS will be responsible for providing information to assist KMP in making this declaration.
4. GLS will be responsible for implementing a suitable system to record related party relationships
5. The process for the identifying, validating and recording of related parties will be documented for audit requirements by the GLS.

4.2 Identification of Ordinary Citizen Transactions

Ordinary Citizen Transactions (OCT) are those transactions that an ordinary citizen would undertake with Council.

1. Transactions that do not require disclosure under this policy are:
 - Rates and utility charges;
 - Fees and charges included in Council's Register of Fees and Charges;

- Fines and Penalties included in Council's Register of Local Laws and Subordinate Local Laws; Attendance at Council functions which are open to the general public; and
- Visiting Council facilities which are open to the general public.

2. OCTs listed above are excluded from non-disclosure if:

- the terms and conditions of the OCT are different to those offered to the general public; or
- they have a financial value, either individually or collectively, of more than \$200,000.

4.3 Recording transactions

1. FSB will be responsible for implementing a suitable system to record related party transactions. This will include identifying non-financial transactions and identifying the terms and conditions of related party relationships.
2. The process for identifying and recording related party transactions will be documented for audit requirements.

5 Responsibilities/accountabilities

Key management personnel are required to re-submit their related party declarations every 6 months. Declarations will also be required within six weeks of the occurrence of the following events:

- Local Government election;
- Appointment of a new CEO or General Manager; or
- A KMP enters into a new relationship which would meet the definition of a "related party".

The use, handling and disposal of this information will be accordance with Council's 5.44 Information Management – Access and Security Procedure and 5.45 Information Management – Store, Transfer and Dispose Procedure.

Governance and Legal Services Branch are responsible for assisting KMPs in making declarations and recording related party disclosures.

Financial Services Branch are responsible for providing a system to record related party transactions as well as identifying the terms and conditions of related party relationships.

6 Relevant laws

Information Privacy Act 2009

Local Government Act 2009

Local Government Regulation 2012

7 Related policies/documents

Members of the public can access Council policies on Council's website. If a policy listed below does not appear on the website please contact 131 872 or email info@tr.qld.gov.au to request a copy. Staff may access policies via the [Policy Register and Review Schedule](#).

Council policies

5.44 Information Management – Access and Security Procedure

5.45 Information Management – Store, Transfer and Dispose Procedure

Other documents

AASB 124 Related Party Disclosures

AASB 10 Consolidated Financial Statements

AASB 11 Joint Arrangements

AASB 128 Investments in Associates and Joint Ventures

Register of Interests

Register of Fees and Charges

Appendix 1 - Example of Related Party Declaration (DM#6857424)

Appendix 2 - Example of Fact Sheet - Related Party Disclosures for KMP (DM#6857549)

8 Related forms

Related Party Declaration

Register of Related Parties

Register of Related Party Transactions

9 Definitions

Close Family Members - Family members who may be expected to influence, or be influenced by, that person in their dealings with Council. Specifically:

- the person's children and spouse (or domestic partner);
- children of that person's spouse (or domestic partner);
- dependents of that person or that person's spouse (or domestic partner)

Key Management Personnel (KMP) - Persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. Note: the positions that are classified as KMP, are the Mayor, Councillors, the Chief Executive Officer and General Managers.

Materiality (Framework for the Preparation and Presentation of Financial Statements as identified in AASB 1048 Interpretation of Standards) – Information is Material if omitting it or misstating it could influence decisions that users make on the basis of financial information about specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report.

Ordinary Citizen Transactions (OCT) - Transactions that an ordinary citizen would undertake with Council.

Related Entity - An entity is related if:

- it is controlled or jointly controlled by Council;
- it is or can be significantly influenced by Council;
- it is controlled or jointly controlled by a related person of Council;
- a related person of Council has significant influence over it or is a KMP of the entity;
- the entity is a post-employment benefit plan for the benefit of employees of Council or entities related to Council;

Related Party - A person or entity that is related to Council.

Related Party Transaction - A transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged.

Related Person - A person who has control or joint control of Council, has significant influence over Council, or is a member of the KMP of Council or a is close family member. May be different to those persons for whom a register of interests is kept under *Local Government Regulation 2012*

10 Policy details

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11 Revision history

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1.00	20 September 2016	6855147v3
2.00	13 September 2017	7435357v2
3.00	18 August 2020	7839525v2
4.00	11 December 2023	10899262v2

¹ Printed copies are uncontrolled. It is the user’s responsibility to ensure that any copies of policy documents are the current issue. Any delegations should be verified via the relevant Delegation Register as it takes precedence if there is a conflict. The Chief Executive Officer will, if necessary, be the sole arbiter in resolving any issues of conflict