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**Cessnock City Council
Related Party Disclosure Policy**

Date Adopted **20/09/2023 Revision: 3**

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# **POLICY OBJECTIVES**

The objective of this policy is to define the parameters for Related Party relationships and the level of disclosure and reporting required for Council to achieve compliance with the Australian Accounting Standards relating to Related Party disclosures.

# **POLICY SCOPE**

This policy applies to all Related Party Transactions between Council and a Related Party, regardless of whether they are Material or not.

# **POLICY STATEMENT**

# Council is committed to complying with the disclosure requirements for Related Party Transactions under the Australian Accounting Standards. Disclosure of relevant Related Party information will provide greater transparency and improve the quality of the financial reporting process.

# Council will implement a system and processes to identify, monitor and disclose Related Party Transactions to manage the risk of non-compliance with the Related Party disclosure objectives of the Australian Accounting Standards.

# **RELATED PARTY RELATIONSHIPS**

# The General Manager or their delegate will identify entities and Key Management Personnel (**KMP**) that fall within the definition of a Related Party. The elected Council makes the ultimate decision whether to adopt or amend the proposed KMP.

# Amendments to KMP post adoption of this policy will only come into effect with a resolution of Council.

# **RELATED PARTY TRANSACTIONS**

* 1. KMP must provide a Related Party Transaction Notification (**RPT Notification**), notifying any existing or potential Related Party Transactions between Council and:
		1. Themselves;
		2. Close Family Members;
		3. Entities Controlled or Jointly Controlled by them or any of their Close Family Members.
	2. The notification requirement in clause 5.1 does not apply to:
		1. Related Party Transactions that are Ordinary Citizen Transactions not assessed as being Material, and
		2. Councillors’ income received through the payment of Mayoral and Councillor allowances; and
		3. Councillors’ expenses incurred and facilities provided to a councillor during the financial year, in accordance with Council’s Councillor Expenses and Facilities Policy.
	3. RPT Notifications are to be forwarded to the Financial Services Unit in Council, at least once each financial year.

# **REGISTER OF RELATED PARTY TRANSACTIONS**

Council will maintain and keep up to date a confidential register of Related Party Transactions that captures and records 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.

# **ACCESS TO RELATED PARTY INFORMATION**

# Any application seeking access to information either provided through an RPT Notification or information contained in a register of Related Party Disclosures will be considered, assessed and decided in accordance with Council’s usual procedures regarding applications made under the *Government Information (Public Access) Act 2009* (NSW) (GIPA Act)*.*

# Except as specified in this policy, Council and other permitted recipients will not use or disclose personal information provided in an RPT Notification by a KMP or contained in a register of Related Party Transactions, for any other person except with the prior written consent of the subject KMP.

# The following persons are permitted to access, use and disclose the information, including personal information, provided in a RPT Notification or contained in a register of Related Party Transactions for the purposes specified:

# KMP for information about themselves;

# Officers of Council’s Financial Services Unit responsible for maintaining Related Party information and preparation of financial reports;

# Officers with the relevant delegations to assess formal access applications lodged with Council in accordance with the GIPA Act;

# Officers with the relevant delegations and authorisations to deal with personal information in accordance with the *Privacy and Personal Information Protection Act 1998* (NSW) (the PPIP Act), Council’s [Privacy Management Plan](https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Policies/Privacy-Management-Plan-Policy) and [Privacy Statement](https://www.cessnock.nsw.gov.au/Site-Footer/Sub-Footer-Links/Privacy-Statement);

# Director Corporate and Community Services;

# General Manager;

# Audit Office of New South Wales including an auditor contracted by the Audit Office of New South Wales.

# A person specified in clause 7.3 may access, use and disclose information, including personal information, in a RPT Notification or contained in a register of Related Party Transactions for the following purposes:

# assess and verify a notified Related Party Transaction;

# reconcile identified Related Party Transactions against those notified in a RPT Notification or contained in a register of Related Party Transactions;

# to assess and determine formal access applications lodged with Council in accordance with the GIPA Act;

# to process requests for personal information pursuant to the PPIP Act or other legislation / statutory instrument, to process requests for internal review pursuant to the PPIP Act, or any other purpose outlined in Council’s Privacy Management Plan;

# comply with disclosure requirements of AASB124; and

# verify compliance with the disclosure requirements of AABS124.

# **RESPONSIBILITIES**

# ***Compliance, monitoring and review***

# All Key Management Personnel are responsible for ensuring they understand and comply with this policy.

# Key Management Personnel are responsible for identifying their Related Party relationships and notifying any Related Party Transactions to Council.

# The Responsible Accounting Officer is responsible for maintaining Related Party information and is also responsible for preparing disclosure requirements in order to comply with AASB124.

# ***Reporting***

# Council will prepare and report Related Party Disclosures in accordance with Australian Accounting Standards requirements.

# ***Records management***

# Staff must maintain all records relevant to administering this policy in accordance with Council’s Records Management Policy.

# ***Complaints Management***

# Any complaints under this policy will be managed in accordance with Council’s Complaint Handling Policy.

# *Privacy and Personal Information Protection*

# Personal information will be collected from individuals for the purpose of complying with Related Party disclosures. The information collected will be used for the purpose outlined within this policy, related administrative functions, compliance and complaint handling, internal auditing, and in accordance with Council's Privacy Management Plan and Privacy Statement.

# **POLICY DEFINITIONS**

|  |  |
| --- | --- |
| **AASB124**  | is the Australian Accounting Standard 124 – Related Party Disclosures  |
| **Close Family Members** | means family members who may be expected to influence, or be influenced by, that key management person in their dealings with Council include:1. that person’s children and spouse or domestic partner;
2. children of that person; spouse or domestic partner;
3. dependants of that person or that person’s spouse or domestic partner.

For the purposes of AASB124, 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 key management person in their dealing with Council. |
| **Control of Entities / Entities Controlled** | means that, Control of an Entity is present when there is: 1. power over the Entity; and
2. exposure or rights to variable returns from involvement with the Entity; and
3. the ability to use power over the Entity to affect returns received, as determined in accordance with AASB10 Consolidated Financial Statements.
 |
| **Council** | means Cessnock City Council |
| **Joint Control** | is 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 |
| **Key Management Personnel, Key Management Person, KMP** | is the person(s) having responsibility for planning, directing and controlling the activities of Council, directly or indirectly. Specifically, KMP of Council includes:* the Mayor
* Councillors
* General Manager
* Directors
* Managers appointed to the Executive Leadership Team

Persons acting in a KMP position will not be considered KMP unless they meet the definition requirements or are acting for a period of **more than five consecutive weeks** |
| **Material** | means factors and thresholds determined by Council’s Responsible Accounting Officer in consultation with the Director Corporate and Community Services and the General Manager. |
| **Ordinary Citizen Transactions (OCT)** | are 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 include: 1. paying rates and utility charges;
2. using Council’s public facilities after paying the corresponding fees;
3. fees and charges approved by Council that are on terms and conditions to the general public and by their nature or amount are not Material.
 |
| **Related Party** | is a person or entity that is related to Council as defined in AASB124, paragraph 9. Examples of Related Parties are: 1. Council subsidiaries;
2. Key Management Personnel;
3. Close Family Members of Key Management Personnel;
4. Entities that are Controlled or Jointly Controlled by KMP or their Close Family Members.
 |
| **Related Party Transaction** | is a transfer of resources, services or obligations between Council and a Related Party, regardless of whether a price is charged. Examples of Related Party Transactions are: 1. purchase or sale of goods;
2. purchase or sale of property and other assets;
3. rendering or receiving of services;
4. rendering or receiving of goods;
5. development applications;
6. leases;
7. commitments to do something if a particular event occurs or does not occur in the future;
8. settlement of liabilities on behalf of Council or by Council on behalf of that Related Party.
 |
| **Related Party Transaction Notification (RPT Notification)**” | is the document in Appendix A. |

# **POLICY ADMINISTRATION**

|  |  |
| --- | --- |
| **Business Group** | Corporate and Community Services |
| **Responsible Officer** | Chief Financial Officer |
| **Associated Procedure (if any, reference document(s) number(s))** | NIL |
| **Policy Review Date** | Three years from date of adoption unless legislated otherwise  |
| **File Number / Document Number** | DOC2017/060990 |
| **Relevant Legislation (reference specific sections)** | *Government Information (Public Access) Act 2009* (NSW)*Personal Information Protection Act 1998*(NSW) |
| **Relevant desired outcome or objectives as per Council’s Delivery Program** | Outcome: 5.3.2 Our Council’s processes are efficient and transparentObjective 5.3 Ensuring Council is accountable and responsive to the community. |
| **Related Policies / Protocols / Procedures / Documents / Standards (reference document numbers)** | * Related Party Disclosure Registers (17/59)
* Records Management Policy (DOC2019/038769)
* Complaint Handling Policy (DOC2018/048382)
* Agency Information Guide (DOC2022/191422)
* Privacy Management Plan (DOC2014/005148)
* [NSW Office of Local Government Circular 16-36: *Financial reporting obligations – AASB 124 Related party disclosures*](https://www.olg.nsw.gov.au/council-circulars/16-36-financial-reporting-obligations-aasb-124-related-party-disclosures/)
* Australian Accounting Standard AASB 124 - Related Party Disclosures
* Code of Accounting Practice and Financial Reporting
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# **POLICY AUTHORISATIONS**

|  |  |  |
| --- | --- | --- |
| **No.** | **Authorised Function** | **Authorised Business Unit / Role(s)** |
|  | Access, use and disclose the information provided in a RPT Notification or contained in a register of Related Party transactions for the purposes specified within the policy | General ManagerDirector Corporate and Community ServicesFinancial Services OfficersGovernance TeamAuthorised / Delegated Officers |

# **POLICY HISTORY**

|  |  |  |
| --- | --- | --- |
| **Revision** | **Date Approved / Authority** | **Description Of Changes** |
| 1 | 17 May 2017 (CC32/2017) | Creation of Policy |
| 2 | 15 July 2020 (CC62/2020) | Periodic review and updating of template |
| 3 |  | Periodic review with update of title changes and record locations.Addition to KMP as any Manager appointed to Executive Leadership Team |

# **APPENDICES**

Appendix A – Related Party Transaction Notification by Key Management Personnel

Appendix A

**Related Party Transaction Notification**

**by Key Management Personnel**

Name of Key Management Person \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Position of Key Management Person \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Do you have any related Party Transactions made or expected with Council in the current or next financial year that you wish to disclose in this notification?

**No** – Please proceed to the end of the notification.

**Yes** – Please complete the table below for each related party transaction with Council that you, or a Close Member of your Family, or an Entity related to you or a Close Member of your Family:

1. Has entered into during the current financial year: and/or
2. Had entered into, or is reasonably likely to enter into, in next financial year.

|  |  |  |  |
| --- | --- | --- | --- |
| **Description of Related Party Transaction** | **Value of transaction** | **Related Party’s Name (individual or entity’s name)** | **Related Party’s relation/reasons why related** |
|  |  |  |  |
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I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Notify that, to the best of my knowledge and belief, as at the date of this notification, the above list includes all existing and potential Related Party Transactions with Council involving myself, Close Family Members, or Entities Controlled or Jointly Controlled by me or Close Family Members, relevant to the current and/or next financial year.

I make this notification being fully aware of the content, definitions and requirements of Council’s Related Party Disclosures Policy.

I permit the Responsible Accounting Officer and the other permitted users specified in Council’s Related Party Disclosures Policy to access the register of interests of me and Close Family Members to me and to use the information for the purposes specified in the policy.

Signature of Key Management Person \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_