

POLICY NO LG51 RELATED PARTY DISCLOSURES POLICY

DEPARTMENT:	Corporate Services
RESPONSIBLE OFFICER:	Business Services Manager
LINK TO STRATEGIC PLAN:	Ensure council fulfils its legislative and governance responsibilities and its decision making, supported by sustainable policies and procedures
STATUTORY AUTHORITY:	<p>Under the <i>Local Government Act 1993</i> and the <i>Audit Act 2008</i> all local governments in Tasmania must produce annual financial statements that comply with Australian Accounting Standards (AASB 124).</p> <p>This policy outlines what is expected of elected members and staff of Council in relation to Australian Accounting Standard AASB 124 <i>Related Party Disclosures</i> (AASB 124)</p>
OBJECTIVE:	The objective of this policy is to ensure that Break O'Day Council complies with the requirements of Australian Accounting Standards (AASB 124) and the Local Government Act 1993 (Tas) concerning related party disclosures. This policy outlines the principles governing the identification, disclosure, and reporting of related party relationships and transactions. It is designed to provide transparency, maintain accountability, and ensure the accuracy of the Council's financial reporting.
ASSOCIATED PROCEDURES AND/OR GUIDELINES	<p>LG51a – Related Party Disclosures Procedure</p> <p>LG51b – Related Party Disclosures Guideline – Guideline for Councillors and KMP: Understanding and Declaring Related Party Transactions</p>
POLICY INFORMATION:	<p>Adopted 19 April 2017 – Minute No. 07/17.12.4.88</p> <p>Amended 16 November 2020 – Minute No 11/20.12.7.210</p> <p>Amended 17 March 2025 - Minute No 03/25.13.4.558</p>

POLICY

1. SCOPE

This policy applies to:

- Elected members, including the Mayor and Councillors.
- Key management personnel (KMP), including the General Manager and Managers.
- Close family members of KMP.
- Entities controlled or significantly influenced by KMP or their close family members.
- Any other persons or entities identified as related parties according to AASB124.

2. POLICY STATEMENT

Break O'Day Council is committed to ensuring that related party transactions are appropriately disclosed in accordance with AASB 124 and other relevant legislation. The Council acknowledges that related party transactions can influence financial decision-making and the perception of governance practices. Therefore, it is essential that these transactions are transparently reported in the Council's financial statements.

Key provisions of this policy include:

1. **Identification of Related Parties:** Key management personnel must declare their related parties annually, including close family members and entities under their control or influence.
2. **Monitoring and Recording Related Party Transactions:** The Corporate Service Department will monitor all transactions to identify potential related party transactions and ensure they are recorded in accordance with relevant procedures.
3. **Disclosure Requirements:** All related party transactions that meet the disclosure threshold will be included in the Council's annual financial statements, ensuring compliance with AASB 124.
4. **Confidentiality and Privacy:** Information collected as part of this policy will be handled confidentially and only disclosed in accordance with legal requirements.

3. RESPONSIBILITIES

- **Key Management Personnel (KMP):**
 - KMP are required to complete a Related Party Declaration Form annually by 1 July each year covering the forthcoming financial year.
 - It is the responsibility of all identified KMP to update their declaration should they become aware of a change, error or omission and notify the Business Services Manager of any changes to related party relationships throughout the year.
- **General Manager:**
 - The General Manager is responsible for ensuring the effective implementation of this policy and reviewing related party disclosures as part of Council's financial reporting process.
- **Corporate Services staff:**
 - Are responsible for collecting and storing related party information, monitoring related party transactions, and ensuring compliance with financial reporting standards.
 - Are responsible for ensuring that this policy is reviewed regularly and updated to reflect changes in legislation or organisational structure.

4. COMPLIANCE AND REPORTING

All related party relationships, transactions, and commitments must be disclosed in accordance with **AASB 124**. Non-compliance with this policy may result in disciplinary action and may be reported to the relevant authorities if required by law.

5. ASSOCIATED PROCEDURE

A detailed procedure for implementing this policy, including the process for collecting, storing, managing, and reporting related party information is in place: **Related Party Disclosure Procedure**.

6. RELATED DOCUMENTS

- Australian Accounting Standards (AASB 124) – Related Party Disclosures
- Local Government Act 1993 (Tas)
- Break O'Day Council Code of Conduct
- Related Party Declaration Form
- Council's Annual Financial Statements

7. REVIEW AND AMENDMENT

This policy will be reviewed every **four years**, or sooner if there are changes to relevant legislation or accounting standards. The General Manager and Manager Business Services are responsible for ensuring that this policy remains up to date.