

Council Policy

Council Policy Name: AASB 124 Related Party Disclosures

Responsible Directorate: Finance and Corporate Services

Version: Current

1. PURPOSE

- 1.1. The purpose of this Policy is to stipulate compliance with the Australian Accounting Standard AASB 124 – Related Party Disclosures.

2. SCOPE

- 2.1. This Policy applies to Key Management Personnel (KMP) at the City of Busselton.

3. DEFINITIONS

Key Management Personnel	AASB 124 defines Key Management Personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key Management Personnel for the City of Busselton are: <ul style="list-style-type: none"> Elected Members; Persons employed under section 5.36 of the Local Government Act 1995 in the capacity of the Chief Executive Officer or Director.
Policy	This City of Busselton Council policy titled “AASB 124 Related Party Disclosures”.

4. STRATEGIC CONTEXT

- 4.1. This Policy links to Key Goal Area 6 – Leadership of the City’s Strategic Community Plan 2017 (reviewed 2019) and specifically the Community Objective 6:1: Governance systems, processes and practices are responsible, ethical and transparent.

5. POLICY STATEMENT

- 5.1. Under the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*, all local governments in Western Australia must produce annual financial statements that comply with Australian Accounting Standards.
- 5.2. The Australian Accounting Standards Board has determined that from 1 July 2016, AASB 124 Related Party Disclosures (AASB 124) will apply to government entities, including local governments. The City is required, in accordance with AASB 124, to disclose Related Party Relationships, Related Party Transactions, and KMP compensation in its Annual Financial Statements.
- 5.3. KMP must comply with AASB 124 by filling out an annual related party declaration in the format stipulated and supplied by the City, as part of the year-end financial statement preparation process.
- 5.4. 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 of paragraph 5.5:
- the Chief Executive Officer;
 - Director, Finance and Corporate Services;
 - Manager Financial Services;
 - an Auditor from the WA Auditor General’s Office;
 - an external or internal Auditor appointed by the City; and

- f. other officers as determined by the Chief Executive Officer.
- 5.5. Persons specified in paragraph 5.4 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. assess and verify the disclosed related party transaction;
 - b. reconcile identified related party transactions against those disclosed in the related party disclosure or contained in a register of related party transactions;
 - c. comply with the disclosure requirements of AASB 124; or
 - d. verify compliance with the disclosure requirements of AASB 124.
- 5.6. 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 KMP in a related party disclosure; and
 - b. personal information contained in a register of related party transactions.

6. RELATED DOCUMENTATION / LEGISLATION

- 6.1. *Local Government Act 1995*
- 6.2. *Australian Accounting Standards AASB 124 – Related Party Disclosures*
- 6.3. *AASB 10 Consolidated Financial Statement*
- 6.4. *AASB 11 Joint Arrangements*
- 6.5. *AASB 128 Investments in Associates and Joint Ventures*
- 6.6. City of Busselton Code of Conduct

7. REVIEW DETAILS

Review Frequency		3 yearly		
Council Adoption	DATE	10 March 2021	Resolution #	C2103/041
Previous Adoption	DATE	13 September 2017	Resolution #	C1709/215