

RELATED PARTY DISCLOSURE POLICY AND PROCEDURE



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1 PURPOSE

- 1.1 This policy and procedure ensures that relevant transactions are identified, recorded and disclosed in compliance with the Australian Accounting Standard [AASB 124 Related Party Disclosures](#) (AASB 124).

2 SCOPE

- 2.1 This policy and procedure applies to CQUniversity key management personnel (KMP), their close family members, and related parties.

3 POLICY STATEMENT

AASB 124 disclosure requirements

- 3.1 The University will disclose the following in its consolidated General Purpose Financial Statements:
- relationships between the University and its controlled entities, irrespective of whether there have been transactions between them¹
 - KMP compensation in total and for each of the following categories:
 - short-term employee benefits
 - post-employment benefits
 - other long-term benefits, and

¹ See the AASB 124, paragraphs 13, Aus13.1, 14, 15, and 16.

- termination benefits
- c) amounts incurred by the University for the provision of KMP services provided by a separate management entity²
- d) information specified below in section 3.2 for related party transactions with the following persons during the periods covered by the financial statements³
- University controlled entities
 - entities who are associates of the University or of a University controlled entity
 - University KMPs
 - other related parties, comprising:
 - close family members of a KMP of the University
 - entities controlled or jointly controlled by a KMP of the University
 - entities controlled or jointly controlled by a close family member of a KMP of the University, and
 - other entities as specified in AASB 124, paragraph 9(b)(iii), (iv), (v) and (viii).

Disclosed information

3.2 For each category of related party transactions specified in section 3.1(d) above, the University will disclose the following information in the Consolidated Financial Statements:

- the nature of the related party relationship
- the amount of the transactions
- the amount of outstanding balances, including commitments and:
 - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement, and
 - details of any guarantees given or received
- provisions for doubtful debts related to the amount of outstanding balances, and
- the expense recognised during the period in respect of bad or doubtful debts due from related parties.

In aggregate or separate

3.3 For each related party category specified in section 3.1(d) above, the University will disclose information specified in section 3.2 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 University's financial statements, having regard to the following criteria:

- the nature of the related party relationship
- the significance of the transaction (individually or collectively) in terms of size or value (including where the materiality arises due to the fact that no consideration for the transaction is given or received by the University)
- whether the transaction is carried out on non-arm's length terms, and
- whether the nature of the transaction is outside normal day-to-day business operations

based on the factors and thresholds determined by the Deputy Director Financial Accounting and Operations.

² See the AASB 124, paragraph 18A.

³ See the AASB 124, paragraphs 18 to 24.

4 PROCEDURE

Identifying University related party relationships and transactions

4.1 The Deputy Director Financial Accounting and Operations will:

- identify University controlled entities and associates (incorporate or unincorporated) from the Controlled Entities Company Register
- determine whether the University has control or joint control of an entity by applying Australian Accounting Standards [AASB10 Consolidated Financial Statements](#) and [AASB 11 Joint Arrangements](#)
- determine whether an entity is an associate of, or in a joint venture with, the University or one of its controlled entities by applying [AASB 128 Investments in Associates and Joint Ventures](#)
- investigate, through the University's finance management system (FMS), whether any identified University controlled entities, associates or joint venturers have related party transactions with the University
- source the information specified in section 3.2 against each existing related party transaction identified through the FMS. All related party transactions and associated information will be recorded in the Related Party Transactions Register, and
- for related party transactions that are not captured by the FMS, manually review the transactional documentation and record the information specified in section 3.2 for the subject transaction in the Related Party Transactions Register.

Identifying related party transactions with KMPs and their close family members

4.2 A KMP must complete a Declaration of Related Party Transactions Form notifying any existing or potential related party transactions between the University and themselves, their close family members, and any entities controlled or jointly controlled by them or any of their close family members no later than the following dates (specified notification period):

- 30 days after a KMP commences their term of employment with the University, and
- 30 November.

4.3 Forms will be issued by and must be returned to the University Secretary. Forms will be issued upon commencement, and at least 30 days before 30 November. Completed forms will be provided to the Deputy Director Financial Accounting and Operations for processing.

4.4 KMPs will be provided regular reminders about their obligations under this policy and procedure.

4.5 KMPs must provide additional Declaration of Related Party Transactions Forms no later than 30 days after a:

- new or potential related party transaction that is or likely to be required to be disclosed, or
- change to a previously notified related party transaction (including a change to a related party relationship).

4.6 If a KMP suspects that a transaction may constitute a related party transaction, the KMP should submit a Declaration of Related Party Transactions Form to the University Secretary who will provide it to the Deputy Director Financial Accounting and Operations for consideration and determination.

4.7 The notification requirements in sections 4.2, 4.6 and 4.7 do not apply to expenses incurred, travel costs paid, professional development funds, or facilities provided to a Council member during the reporting period.

4.8 The Deputy Director Financial Accounting and Operations will investigate and extract information specified in section 3.2 from the FMS, against each notified related party transaction for the purpose of recording the related party transaction and associated information in the Related Party Transactions Register.

- 4.9 To ensure related party transactions are captured and recorded, the Deputy Director Financial Accounting and Operations may review other sources of information held by the University including, without limitation, any registers of declared interests of a KMP and/or of persons related to a KMP, and minutes of Council and Committee meetings.
- 4.10 For notified related party transactions that are not captured by the FMS, the Deputy Director Financial Accounting and Operations will manually review the transactional documentation and record the information specified in section 3.2 for the subject transaction in the Related Party Transactions Register.

Ordinary citizen transactions

- 4.11 A KMP must notify in a Declaration of Related Party Transactions Form, related party transactions that are ordinary citizen transactions. Ordinary citizen transactions will be assessed as either material in nature, or not material in nature. Transactions that are material in nature will be disclosed in the University's financial statements in accordance with section 3.2. Transactions that are not material in nature will not be disclosed in the financial statements.
- 4.12 The Deputy Director Financial Accounting and Operations will review and assess the materiality of related party transactions that are ordinary citizen transactions to determine whether the disclosure of such transactions are necessary for an understanding of the effects of the related party transaction on the financial statements, having regard to the criteria specified in section 3.2.
- 4.13 The Deputy Director Financial Accounting and Operations will identify and extract information specified in section 3.2 against each notified related party transaction in the FMS for the purpose of recording the related party transaction and associated information in the Related Party Transactions Register.

Related party transactions register

- 4.14 The Deputy Director Financial Accounting and Operations must maintain a Related Party Transactions Register that captures and records information specified in section 3.2 for each existing or potential related party transaction (including ordinary citizen transactions assessed as being material in nature).
- 4.15 The Register must detail for each related party transaction:
- the description of the related party transaction
 - the name of the related party
 - the nature of the related party's relationship with the University
 - whether the notified related party transaction is existing or potential
 - a description of the transactional documents the subject of the related party transaction
 - the information specified in section 3.2.

Information privacy

- 4.16 The following information is classified as confidential, and is not available for inspection by or disclosure to the public:
- information provided by a KMP in a Declaration of Related Party Transactions Form, and
 - personal information contained in the Related Party Transactions Register.
- 4.17 Unless otherwise required by law, the University and other permitted recipients will not use or disclose personal information provided in a Declaration of Related Party Transactions Form by a KMP or contained in the Related Party Transactions Register, for any other purpose or to any other person except with the prior written consent of the subject KMP.
- 4.18 The following persons are permitted to access, use and disclose the information (including personal information) provided in a Declaration of Related Party Transactions Form or contained in the Related Party Transactions Register for the purposes specified in section 4.20 below:
- the Vice-Chancellor and President

- the Chief Operating Officer
 - the University Secretary
 - financial officers responsible for the preparation of financial reporting authorised by the Chief Operating Officer
 - governance officers responsible for the collection of declaration forms and collation of data
 - members of the Audit, Risk and Finance Committee, and
 - an auditor of the University (including an auditor from the Queensland Audit Office).
- 4.19 A person specified in section 4.21 above, may access, use and disclose information (including personal information) in a Declaration of Related Party Transactions Form or contained in the Related Party Transactions Register to:
- assess and verify a notified related party transaction
 - reconcile identified related party transactions against those notified in a Declaration of Related Party Transactions Form or contained in the Related Party Transactions Register
 - comply with the disclosure requirements of the AASB 124, and
 - verify compliance with the disclosure requirements of the AASB 124.
- 4.20 A KMP may access their own personal information provided in a Declaration of Related Party Transactions Form or contained in the Related Party Transactions Register in accordance with the [Privacy Policy and Procedure](#).

5 RESPONSIBILITIES

Compliance, monitoring and review

- 5.1 The Chief Operating Officer is responsible for implementing, monitoring, reviewing and ensuring compliance with this policy and procedure.
- 5.2 The Deputy Director Financial Accounting and Operations and University Secretary will co-ordinate the distribution and receipt of Declaration of Related Party Transaction Forms.

Reporting

- 5.3 Related party transactions will be included in the notes to the financial statements published in the University's annual report, in accordance with Australian Accounting Standard AAB124.

Records management

- 5.4 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.
- 5.5 University records must be retained for the minimum periods specified in the relevant [Retention and Disposal Schedule](#). Before disposing of any records, approval must be sought from the Records and Privacy Team (email records@cqu.edu.au).

6 DEFINITIONS

- 6.1 Terms not defined in this document may be in the University [glossary](#).

Terms and definitions

Arm's length terms: terms between parties that are reasonable in the circumstances of the transaction that would result from:

- neither party bearing the other any special duty or obligation

- the parties being unrelated and uninfluenced by the other, and
- each party having acted in its own interest.

Associate: in relation to an entity (the first entity), an entity over which the first entity has significant influence.

Close family members: in relation to a KMP, family members who may be expected to influence, or be influenced by, that KMP in their dealings with the University and include:

- that person's children and spouse or domestic partner
- children of that person's spouse or domestic partner, and
- dependants of that person or that person's spouse or domestic partner.

For the purpose of the AASB 124, 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 KMP in their dealings with University.

Control: control of an entity is present when there is:

- power over the entity
- exposure or rights to variable returns from involvement with the entity, and
- the ability to use power over the entity to affect the amount of returns received

as determined in accordance with AASB 10, paragraphs 5 to 18 and Appendices A (Defined Terms) and B (Application Guidance).

Joint control: 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.

Joint venture: an arrangement of which two or more parties have joint control and have right to the net assets of the arrangement

Joint venturer: a party to a joint venture that has joint control of that joint venture

Key management personnel (KMP): person/s having authority and responsibility for planning, directing and controlling the activities of the University.

Specifically, key management personnel of the University are:

- the Chancellor
- Council members
- the Vice-Chancellor and President
- the Chief Operating Officer, and
- the Vice-Presidents.

The definition excludes any persons acting in the roles for less than a four week period.

Ordinary citizen transactions: transactions that an ordinary citizen would undertake with the University, which is undertaken on arm's length terms and in the ordinary course of carrying out University functions and activities.

Examples of ordinary citizen transactions assessed to be not material in nature are:

- payment of tuition fees
- payment of gym membership, and
- purchase of books from the CQUniversity Bookshop.

Related party: a person or entity that is related to the University pursuant to the definition contained in AASB 124, paragraph 9.

Related party transaction: a transfer of resources, services or obligations between the University and a related party, regardless of whether a price is charged.

Examples of related party transactions are:

- purchases or sales of goods, property and other assets
- rendering or receiving of services and goods
- leases
- transfers under licence agreements
- transfers under finance arrangements (for example, loans) (*Note: Financial arrangements are subject to the [Statutory Bodies Financial Arrangements Act 1982 \(Qld\)](#)*).
- provision of guarantees (given or received) (*Note: Guarantees are financial arrangements that are subject to the [Statutory Bodies Financial Arrangements Act](#)*).
- commitments to do something if a particular event occurs or does not occur in the future
- settlement of liabilities on behalf of the University or by the University on behalf of that related party.

Significant influence: the power to participate in the financial and operating policy decisions of another entity but is not in control or joint control of those policies, as determined in accordance with Australian Accounting Standard AASB 128, paragraphs 3, 5 and 6.

7 RELATED LEGISLATION AND DOCUMENTS

[Australian Accounting Standards:](#)

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 124 Related Party Disclosures
- AASB 128 Investments in Associates and Joint Ventures (for not-for-profit entities)

[Privacy Policy and Procedure](#)

8 FEEDBACK

8.1 Feedback about this document can be emailed to policy@cqu.edu.au.

9 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
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