

# **AAGP 203 ACT ACCOUNTING GUIDANCE PAPER**

## **RELATED PARTY DISCLOSURES DATA COLLECTION FROM KEY MANAGEMENT PERSONNEL OF ACT GOVERNMENT CONTROLLED ENTITIES**

### **NOTIFICATION TO CLOSE FAMILY MEMBERS OF ACT GOVERNMENT STAFF DESIGNATED KEY MANAGEMENT PERSONNEL**

#### **PURPOSE**

This notification is to inform you of the requirement to disclose related party transactions, under the Australian Accounting Standard AASB 124 *Related Party Disclosures*, that applies to all public sector entities from 1 July 2016. The main purpose of collecting this information is to help users of an ACT Government controlled entity's financial statements understand the impacts of significant related party transactions on that entity's financial results.

Primarily, the Standard requires disclosure of details about Key Management Personnel (KMP) remuneration, and certain transactions with related parties, in ACT Government controlled entities' financial statements.

#### **RELATIONSHIPS**

Under the provisions of the Standard a person or a close member of that person's family is related to the reporting entity if that person:

- has control or joint control of the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the Key Management Personnel (KMP) of the reporting entity or parent of the reporting entity.

Cabinet Ministers, Directors-General (D-Gs), Chief Executive Officers (CEOs) and in certain cases other senior staff are KMP of ACT Government controlled entities. Close family members of KMP, including the entities in which they have controlling interests (individually or jointly), are related parties of ACT Government controlled entities.

## **TRANSACTIONS**

Under the provisions of the Standard, 'related party transactions' include provision of goods or services, purchase or sale of property or other assets, leases, receipt/ provision of guarantees (regardless of whether price is charged) between the reporting entity and the related party. For instance, if you are a D-G's (of directorate X) spouse and own a cleaning business which provides cleaning services to directorate X, the D-G is requested to provide details of this transaction in the Data Collection Form.

Each "related party" transaction is required to be disclosed in terms of its nature, amount, outstanding balances, terms and conditions, and any other information that is necessary to understand the potential effect of the related party transactions on the financial statements of the reporting entity. In considering each "related party" relationship, attention must be given to the substance of the relationship.

For transactions involving the provision of goods or services, purchase or sale of property or other assets and leases, details are requested if the amount of the transaction is greater than or equal to \$10,000 (including GST), unless the transaction is otherwise considered to be significant by nature. All other types of transactions and transactions otherwise significant by nature are to be disclosed even if they are below \$10,000 (including GST). A transaction may be significant by nature where there is potential for influence and potential benefits to related parties.

Typical citizen transactions are not required to be disclosed. Examples of typical citizen transactions include receiving public health/ education services, receiving public housing, paying licence fees etc.

## **DATA COLLECTION ARRANGEMENTS**

A Data Collection Form has been developed to collect the required information from KMP to ensure compliance with this Standard. The provision of information is on a voluntary basis. The information collected will form the basis of the impacted ACT Government controlled entity's disclosures in relation to related party transactions in its financial statements (which are subject to audit by the ACT Auditor-General). If the information required by the Standard is not provided, this will need to be disclosed in the relevant ACT Government controlled entity's financial statements. The Audit Office may inquire into the disclosure.

If you are a close family member of a D-G, CEO or other staff designated as KMP, then details of transactions with the ACT Government controlled entity that your relative is KMP of, which involve you or/and organisations in which you have controlling interest (individually or jointly) are requested to be provided by the KMP in their disclosure statements in the Data Collection Form.

## **AAGP 203 - Related Party Disclosures Data Collection - Notification to Close Family Members of ACT Government Staff Designated Key Management Personnel**

Collection, storage, use and disclosure of information is governed by *the Information Privacy Act 2014*, and the *Freedom of Information Act 1989*. It may be disclosed in whole or in part, individually or collectively, as part of the financial statements of a controlled entity and it may be otherwise disclosed or released as required or authorised by law.

All completed Forms will be collected and held centrally by a designated small team within a designated ACT Government controlled entity. The information will be used by the impacted ACT Government controlled entities for the purposes of preparing disclosures in the notes to their financial statements.

Not all information collected is expected to be disclosed in the relevant entity's financial statements, such as, where it is not considered material for disclosure in the impacted entity's financial statements. Further, items of a similar nature may be aggregated except where separate disclosure is necessary for understanding the effects of related party transactions on the entity's financial statements. While names of family members eighteen years or older will be collected, they will not be disclosed in the financial statements of the ACT Government controlled entity.

Where information in the draft disclosure can be identified as concerning you, you will be given the opportunity to review the disclosure prepared for the financial statement. You may request that the disclosure be corrected, amended or withdrawn. You have the right to request to review the information held by the Territory at any time.

The information provided will be subject to audit by the ACT Auditor-General.