



### 1. Intent of Policy

The objective of this policy is to establish guidelines for an effective internal reporting system which encourages and facilitates the reporting of disclosures in regards to corruption, maladministration and serious and substantial waste.

This policy is designed to complement normal communication channels between supervisors and staff. Staff are encouraged to continue to raise appropriate matters at any time with their supervisors, but as an alternative have the option of making a protected disclosure in accordance with this policy.

### 2. Scope of Policy

This policy applies to all Key Management Personnel of Oberon Council. Including:

- the Mayor,
- Councillors,
- Administrators,
- the General Manager, and
- Directors.

### 3. Definitions

#### *AASB 124*

Means the Australian Accounting Standards Board, Related Party Disclosures Standard.

#### *Act*

The Local Government Act 1993.

#### *Arm's length transaction*

A transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

#### *Close Family Members*

Close family members are people who can be expected to influence or be influenced by key management personnel and include that persons children and spouse or domestic partner; children of that persons spouse or domestic partner; and dependants of that person or that persons spouse or domestic partner.

#### *Control*

Is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

#### *Joint Control*

Is the contractually agreed sharing of control over an economic activity.

#### *Key Management Personnel (KMP)*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Council's KMP would include the Mayor, Councillors, General Manager, Directors and Supervisors.

#### *KMP Compensation*

Compensation includes all employee benefits (as defined in AASB 119 Employee Benefits) and include all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. They include short term employment benefits e.g. wages etc.; post employment benefits e.g. pensions; other long term benefits e.g. long service leave; and termination benefits.

#### *Material transaction*

Transactions assessed as material based on some or all of the following criteria

- Significance in terms of size
- Carried out on non-market terms
- Outside normal day to day business operations
- Disclosed to regulatory or supervisory authorities
- Reported to senior management.

#### *Related Parties*

A person or entity that is related to the entity that is preparing its financial statements i.e. a related party is a party that exhibits control or joint control, or significant influence over the reporting entity or key management personnel of the reporting entity.

#### *Related Party Transactions*

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

#### *Responsible Accounting Officer*

A position of Council that has legislative responsibilities under the Local Government (General) Regulation 2005.

#### *Significant influence*

Is the power to participate in the financial and operating policy decisions of an entity but is not in control over those policies. Significant influence may be gained by share ownership, statute or agreement.

## **4. Guidelines**

The Australian Accounting Standards Board (AASB) determined in AASB 124 that from 1 July 2016 related party disclosures will apply to government entities, including local governments (Councils).

AASB 124 provides that Council must disclose the following financial information in its financial statements for each financial year period:

- disclosure of any related party relationship;
  - must disclose in its Annual Financial Statements its relationship with any related parties or subsidiaries (where applicable), whether or not there have been transactions within the relevant reporting period;
- Key Management Personnel (KMP) Compensation Disclosures;
  - must disclose in its Annual Financial Statements details for each of the categories of KMP compensation, as stated in the definitions of this Policy, in total.

#### **4.1 Obligation to Report**

All Councillors, General Manager, Directors and Supervisors have an obligation under Council's Code of Conduct to:

- Fulfil their statutory duty, to act honestly and exercise a reasonable degree of care and diligence
- Identify and resolve situations which involve a conflict of interest or improper use of their position
- Act in a way which enhances public confidence in the system of local Government
- Report instances of corruption, maladministration and serious and substantial waste.

#### **4.2 What disclosures are protected under the Act?**

To be protected under the Act, a disclosure must show or tend to show corrupt conduct, maladministration or serious and substantial waste of public money. It must be more than a mere allegation without substantiation and must include evidence that if substantiated would amount to the alleged conduct.

To be protected the disclosure must be made voluntarily to a person or authority nominated in this policy.

#### **4.3 What disclosures are not protected?**

A disclosure is not protected under the Act if it is made by a public official in the exercise of a duty imposed by or under an Act. Protection is also not available for disclosures which:

- Are made frivolously or vexatiously,
- Primarily question the merits of government policy, or
- Are made solely or substantially with the motive of avoiding dismissal or other disciplinary action.

It is an offence to wilfully make a false or misleading statement when making a disclosure.

#### **4.4 Disclosures to journalist or Member of Parliament**

In very limited circumstances disclosures made to journalists or a Member of Parliament will be protected if:

- The person making the disclosure to a journalist or member of Parliament must have already made substantially the same disclosure through the internal reporting system or to the General Manager or an investigating authority in accordance with the Act,
- The investigating authority, council, staff or public official to whom the matter was originally referred has:
  - i. Decided not to investigate the matter, or
  - ii. Decided to investigate the matter but not completed the investigation within six months of the original disclosure, or
  - iii. Investigated the matter but not recommended any action in respect of the matter, or
  - iv. Failed to notify the person making the disclosure, within six months of the disclosure, of whether the matter is to be investigated.
- The responsible officer must have reasonable grounds for believing that the disclosure is substantially true.

## **5 Examples of Transactions**

The following are examples of transactions that are required to be disclosed if they are transacted with a related party:

- Purchase or sale of goods
- Purchase or sale of property and other assets
- Rendering or receiving services
- Leases
- Quotations and/or tenders
- Commitments
- Settlements of liabilities on behalf of Council or by Council on behalf of the related party
- Grants and subsidy payments made to associated entities of Council
- Non-monetary transactions
- Compensation made to key management personnel and their close family members.

## **6 Review of Related Party Declarations**

A review of KMP and their related parties will be completed prior to 5 July each year. Whereby the identified KMP will be required to complete the Related Party Declaration and return this to Council's Finance Coordinator by 31 July.

The method of identifying the close family members and associated entities of KMP will be by KMP self-assessment. KMP are responsible for keeping the Finance Coordinator updated when any changes to those related parties occur outside of those times.

Particular events, such as a change in Councillors, General Manager, Directors, or Supervisors will trigger a review of Council's related parties immediately following such an event.

Council's Finance team will be responsible for identifying Council subsidiaries, associates and joint ventures. Council's Finance staff will maintain a register of all declared and identified related parties.

## **7 Policy Review**

This Policy shall be reviewed biennially to ensure that it meets the object of the legislation and facilitates the making of disclosures under the Act.

## **8 Related Legislative and Regulatory Requirements**

Local Government Act 1993  
Accounting Standard AASB 124 Related Party Disclosures  
Accounting Standard AASB 10 Consolidated Financial Statements  
Accounting Standard AASB 11 Joint Arrangements  
Privacy and Personal Information Protection Act 1998 (PPIPA)  
Government Information (Public Access) Act 2009 (GIPA Act)  
Local Government (General) Regulation 2005  
Local Government Code of Accounting Practice

Approving Authority	Oberon Council
Contact	Corporate Services Director
Approval	<p>Ordinary Meeting 19 June 2018  Report Item 13.06 Minute 16 190618  Extraordinary Meeting 25 June 2019  Report Item 07.03, Minute 05 250619  Ordinary Meeting 21 July 2020  Report 13.01, Minute 16 210720  Ordinary Meeting 18 May 2021  Report 13.01, Minute 12 180521  March 2024</p>
Revision Date	March 2026
Issue Date to Staff	

**APPENDIX 1 – Related Parties Disclosures Form**



**OBERON COUNCIL**

**PRIVATE & CONFIDENTIAL**

**RELATED PARTY DECLARATION  
BY KEY MANAGEMENT PERSONNEL (KMP)**

<b>Name of Key Management Personnel</b>	
<b>Position of KMP</b>	

List details of known close family members, entities that are controlled/jointly controlled by KMP and entities that are controlled/jointly controlled by the close family members of KMP.

<b>Name of Person or entity</b>	<b>Relationship</b>

I, \_\_\_\_\_, declare that the above list includes all my close family members and the entities controlled, or jointly controlled, by myself or my close family members. I make this declaration after reading Council’s Policy 2220 which details the meaning of the words “close family members” and “entities controlled, or jointly controlled, by myself or my close family members”.

<b>Declared at</b>	
<b>Signature of KMP</b>	
<b>Date</b>	

*The information on this form is being collected to allow Oberon Council to process your application and/or carry out its statutory obligations. All information collected will be held by Council and will only be used for the purpose for which it was collected. An individual may view their personal information and may correct any errors.*

*Received by Finance:*