



# Related Party Disclosure

## Key Management Personnel

|                 |   |                         |                   |
|-----------------|---|-------------------------|-------------------|
| PREPARED BY:    | Chief Financial Office                        | COUNCIL APPROVAL DATE:  |                   |
| EFFECTIVE DATE: | Council approval date                         |                         |                   |
| REFERENCES:     | Related Party Disclosure Procedures C-FI15-P1 | PREVIOUS REVISION DATE: | NEW               |
| FUNCTION:       | Financial Management                          | LS REVIEW DATE:         | November 30, 2018 |

### PURPOSE

To establish guidelines for the identification, recognition, and disclosure of related party transactions involving key management personnel and/or a close family member of that individual.

### POLICY STATEMENT

Parkland County adheres to transparent financial reporting practices and is committed to disclosing all material related party transactions involving key management personnel and/or a close family member of that individual.

### DEFINITIONS

The following definitions and interpretations apply in this policy:

1. "Close family member" means an individual's spouse and/or dependent(s).
2. "County" means the Municipality of Parkland County and all subsidiary entities.
3. "Fair market value" means the price that would be agreed upon between a buyer and seller if both parties were knowledgeable, willing, free of undue pressure, and had no pre-existing relationship.
4. "Key management personnel" refers to the individuals that have authority and responsibility for planning, directing, and controlling the County's activities.
5. "Material" means a transaction that is of significant value relative to the County's reported financial position.
6. "Related party" in the context of the County means the following :
  - a. A member of key management personnel or a close family member of that individual; or
  - b. An entity controlled by or under shared control of a member of key management personnel or a close family member of that individual.

7. "Related party transaction" means a transfer of economic resources or obligations between the County and a related party.

## **SCOPE**

This policy applies to all County staff and members of Council.

## **RESPONSIBILITIES**

The Chief Financial Office is responsible for implementing, monitoring, and evaluating this policy.

## **STANDARDS**

1. The County shall require self-disclosures to identify related party transactions.
2. Related party transactions shall be reviewed and reported on in accordance with the accounting standards set forth by the Public Sector Accounting Board and Procedure C-FI15-P1.
3. Financial statement disclosure of a related party transaction is only required in instances where all of the following criteria are met:
  - a. The transactions did not occur at a fair market value; and
  - b. The value of the transaction is material to the financial statements.
4. In instances where financial statement disclosure is required, sufficient information shall be included to enable users of the financial statements to assess the effect that the corresponding related party transaction had, or, if not recognized, may have had, on the County's reported financial position. This includes but is not limited to the disclosure of the following:
  - a. Value of the transaction;
  - b. Terms and conditions specific to the transaction; and
  - c. Nature of the relationship between the County and the related party.