AASB 124 *Related Party Disclosures* – entity management checklist

### Background

AASB 124 *Related Party Disclosures* requires the disclosure of material related party relationships and transactions. The objective of the standard is to ensure that the entity’s financial statements contain disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by related party transactions and outstanding balances, including commitments, with such parties.

The Australian Accounting Standards Board (AASB) extended the scope of AASB 124 to include not-for-profit (NFP) entities, including all Victorian government departments, applicable from 1 July 2016 (i.e. for the 2016-17 reporting period).

Departments and agencies will be responsible for ensuring the completeness and accuracy of the related party information disclosed in their financial statements according to the AASB 124 requirements.

### Guidance

Given the sensitive nature of this information, and in the interest of maintaining privacy, a self-declaration approach, whereby Key Management Personnel (KMP) self-declare all their related party transactions, has been agreed with the Victorian Auditor-General’s Office (VAGO). A declaration certificate has been developed for all KMP to provide the required information for the relevant reporting period.

As departments and agencies will only receive disclosed transactions for the declaration certificate, entities (management) will also need to perform reasonable additional and complementary procedures to help assure themselves on the completeness of the related party information sourced from KMP declarations as part of the related party disclosure note for completion of their financial statements.

A checklist has been developed to support management’s assessment of the completeness of the related party disclosures, and to ensure the following is achieved:

* **Completeness of related party information**

In order to ensure completeness of AASB 124 related party disclosures, entities (management) should undertake transaction searches within their payroll and vendor systems to identify if there are any related party transactions for each respective KMP.

* **Accuracy of related party information**

All public sector entities should verify the accuracy of the information reported by KMP in their AASB 124 declaration certificates by confirming the details to their accounting records in their financial systems and the terms and conditions of the relevant contracts. This may require them to liaise with their procurement/contract management teams.

Entities should also refer to their own financial records and disclose any allowance for impairment losses of contractual receivables or bad debts expense recognised in relation to outstanding balances declared by KMP.

Note that entities will be expected to refer any proposed disclosures, which are specific to individual KMP, with the relevant KMP to ensure they have an opportunity to validate the proposed disclosure.

# Checklist to assist reporting entities with the completeness review of their related party disclosures in their financial reports

This checklist has been developed to support management’s assessment of the completeness of the related party disclosure in their annual financial report.

## Part A: Identifying KMP of the reporting entity

KMP are those people with the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly i.e. those charged with decision-making responsibilities. Note this excludes people who have been delegated authority to implement decisions at an operational level.

#### KMP for the State

Cabinet is the principal decision making body of the government, therefore all Cabinet ministers will be considered KMP of the State. All Cabinet ministers will also be considered related parties of the State and all its controlled entities (i.e. departments and agencies). Refer to appendix A for a list of all Cabinet ministers.

#### KMP for departments and agencies

**Portfolio ministers** are responsible for the oversight of their relevant portfolio departments and entities and will be considered KMP of their respective portfolio departments and entities. Note that, all other Cabinet ministers and their related parties will be considered related parties of your department or agency.

In addition, departments and agencies will need to assess who are the **relevant executives** that meet the definition of a KMP and their respective related parties.

**In general, members forming an entity’s governing board will typically be considered KMP of the entity as they are considered as having the strategic decision making authority for the planning, directing and controlling of the overall activities of the entity.**

Executives or senior managers that have been delegated the operational authority for specific functions of the entity would not be considered KMP for the purposes of AASB 124.

#### Frequency of data collection

As not all not-for-profit public sector entities within the State have 30 June year ends, i.e. TAFES and schools have 31 December year ends, the State has to collect information from KMP more frequently. Entities are encouraged to adopt a collection frequency that is appropriate for their needs.

The **first submission** will cover the period 1 July 20X1 to 31 December 20X1. All KMP will be expected to complete and submit their certificates by **the end of the third week of the following January**.

A **second submission** will cover the remaining period 1 January 20X2 to 30 June 20X2 to report on any additional transactions that may have occurred during the quarter. All KMP will be expected to complete and submit their certificates by **the end of the first week of the following July**.

As the objective of the management checklist is to support management in the preparation and completeness of their related party disclosures in the financial statements, management is strongly encouraged to perform the checklist steps by the second data submission period for KMP declaration certificates.

|  |  |
| --- | --- |
| Entity name | *(e.g. Department of Treasury and Finance)*  |
| Reporting level | *(e.g. department or agency)*  |
| Period covered | [ ]  First submission1 July 20X1 – 31 Dec 20X1**Due: the end of the third week of the following January** | [ ]  Second submission1 Jan 20X2 – 30 June 20X2**Due: the end of the first week of the following July** |
| KMP of the entity | *List Portfolio minister(s)**List all relevant executives (some examples for departments include: Secretary, Deputy Secretaries. Some examples for agencies include: governing board members, CEO)****Note:*** *Preparers will need to apply judgement in determining who the relevant executives for their respective entities are. Refer to appendix B for guidance on identifying KMP of your reporting entity.* |

## Part B: Steps to undertake for management’s assessment of completeness

The proposed steps outlined below are designed to help support and validate the information provided in the declaration certificate completed by each KMP. Preparers are advised to maintain documents on file to support the work performed.

The checklist should be completed with reference to the additional information provided in the appendices attached.

| Steps to undertake | Guidance |
| --- | --- |
| * + 1. Undertake transactional searches within your payroll and vendor systems for any known or identified related party transactions of the entity’s KMP based on information obtained from the following sources:

For ministers: the ‘Register of members’ interests’ for Ministers maintained by the Parliament of Victoria, for all Cabinet ministers (refer to appendix A). For KMP executives: your entity’s ‘Declaration and management of private interest form’ for executive officers.  | This step is performed to ensure completeness and accuracy of the related party disclosure for the reporting period, by checking if there are any other transactions to be included in the KMP declaration checklist, and validating the information that has been declared. Based on the information obtained from the sources listed on the left hand side, identify any KMP related parties (e.g. persons or companies).* Review the payroll system to identify if any of the identified related parties are in a senior appointment within the entity, to which related party transactions may exist.
* Perform a search of the trade creditors / accounts payable ledger to identify if there are any transactions with the identified related parties.
 |
| All KMP: other information obtained based on reasonable enquiries of relevant areas of the organisation to identify any other related parties of KMP (e.g. senior management, contract/procurement team).Validate the accuracy of the transactions declared in the KMP declaration certificates against the related party transactions identified in your payroll and vendor system searches.  | **Review of contracts and agreements*** Liaise with your procurement/contract management team to sight the contract or agreement for the related party transaction identified in the vendor search above. Determine the total contract value, and the terms and conditions of the arrangement.
* Based on discussions with your procurement/contract management team, determine if there are any other known related party contracts or agreements that your entity has entered into with any KMP.

If the probity review process of the contract procurement identified any entity that is a related party of a KMP:* + use the information to conduct a search in your vendor system to determine if any related party transactions have occurred during the relevant reporting period; and
	+ assess if any additional searches may be required (e.g. an ASIC search) to identify any other related party information that may assist with your vendor review, as these transactions may be required to be included in the KMP declaration certificate.
 |
| * + 1. As part of your assessment of the allowance for impairment losses of contractual receivables, identify any impairment of amounts provided to related parties that have been identified in the transactional searches performed above.

*(Note: for bad debt expenses, this would be an exception rather than the norm as it would be rare for amounts provided to related parties to be written off)*  | This step is performed to identify if there is any impairment of outstanding balances associated with related party transactions. **Allowance for impairment losses of contractual receivables*** Review the allowance for impairment losses of contractual receivables account to identify if there are any amounts related to any outstanding balances for related party transactions identified in the searches performed above.

**Bad debts expense** * Review the bad debts expenses recognised during the period in respect of bad debts due from related parties identified in the searches performed above.
 |
| * + 1. Collate the information obtained from the transactional searches performed and determine the required disclosure.
 | This step is performed to prepare and finalise the related party disclosure note in your financial statements. Collate the related party transactions identified in the searches performed above and determine the required disclosure.* Where transactions are of a similar nature, determine if they can be disclosed in aggregate.
* Separate disclosure of a related party transaction may be necessary to understand the effects of the transaction on the financial statements of the entity.
 |
|  | Separate disclosure may be required for non-standard transactions that are not at arms-length, under favourable or negotiated terms or unusual (e.g. debt forgiveness, guarantees or indemnities provided or received). * For related party transactions of KMPs, ensure you have shared the draft disclosure with the relevant KMP prior to the finalisation of the note disclosure, to confirm the details are correct.
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# Appendix A – Cabinet ministers as at 14 December 2022

Information provided for Cabinet ministers is current as at 14 December 2022. Entities will need to refer to the Parliament website to ensure ministers and their delegated portfolio information is current for subsequent periods (https://new.parliament.vic.gov.au/members/).

**Entities will need to ensure the disclosure captures all ministers appointed during the period, including any recent appointments and departures. In addition, entities will need to develop an equivalent listing to capture all executive KMP appointments and departures during the reporting period.**

| Minister | Portfolio |
| --- | --- |
| **Hon Daniel Andrews MP** | Premier of Victoria |
| **Hon Jacinta Allan MP** | Deputy PremierMinister for Transport and InfrastructureMinister for Suburban Rail LoopMinister for Commonwealth Games Delivery |
| **Hon Lizzie Blandthorn MLC** | Minister for Disability, Ageing and CarersMinister for Child Protection and Family ServicesMinister for Deputy Leader of the Government in the Legislative Council |
| **Hon Colin Brooks MP** | Minister for HousingMinister for Multicultural Affairs |
| **Hon Anthony Carbines MP** | Minister for PoliceMinister for Crime PreventionMinister for Racing |
| **Hon Ben Carroll MP** | Minister for Industry and InnovationMinister for Manufacturing SovereigntyMinister for EmploymentMinister for Public Transport |
| **Hon Lily D’Ambrosio MP** | Minister for Climate ActionMinister for Energy and ResourcesMinister for State Electricity Commission |
| **Hon Steve Dimopoulos MP** | Minister for Tourism, Sport and Major EventsMinister for Creative Industries |
| **Hon Enver Erdogan MLC** | Minister for CorrectionsMinister for Youth JusticeMinister for Victim Support |
| **Hon Melissa Horne MP** | Minister for Casino, Gaming and Liquor RegulationMinister for Local GovernmentMinister for Ports and FreightMinister for Roads and Road Safety |
| **Hon Natalie Hutchins MP** | Minister for EducationMinister for Women |
| **Hon Sonya Kilkenny MP** | Minister for PlanningMinister for Outdoor Recreation |
| **Hon Tim Pallas MP** | TreasurerMinister for Industrial RelationsMinister for Trade and Investment |
| **Hon Danny Pearson MP** | Minister for Government ServicesAssistant TreasurerMinister for WorkSafe and the TACMinister for Consumer Affairs |
| **Hon Harriett Shing MLC** | Minister for WaterMinister for Regional DevelopmentMinister for Commonwealth Games LegacyMinister for Equality |
| **Hon Ros Spence MP** | Minister for Prevention of Family ViolenceMinister for Community SportMinister for Suburban Development |
| **Hon Ingrid Stitt MLC** | Minister for Early Childhood and Pre-PrepMinister for Environment |
| **Hon Natalie Suleyman MP** | Minister for VeteransMinister for Small BusinessMinister for Youth |
| **Hon Jaclyn Symes MLC** | Attorney-GeneralMinister for Emergency ServicesLeader of the Government in the Legislative Council |
| **Hon Mary-Anne Thomas MP** | Minister for HealthMinister for Health InfrastructureMinister for Medical ResearchLeader of the House in the Legislative Assembly |
| **Hon Gayle Tierney MLC** | Minister for Training and SkillsMinister for Higher EducationMinister for Agriculture |
| **Hon Gabrielle Williams MP** | Minister for Mental HealthMinister for Ambulance ServicesMinister for Treaty and First Peoples |

#### Register of Member’s Interests

https://www.parliament.vic.gov.au/council/tabled-documents/search-tabled-documents/parliamentary-papers

|  |  |  |
| --- | --- | --- |
| [Agency:](http://www.parliament.vic.gov.au/council/tabled-documents/search-tabled-documents)  | [Title of report:](http://www.parliament.vic.gov.au/council/tabled-documents/search-tabled-documents)  | [Date tabled:](http://www.parliament.vic.gov.au/council/tabled-documents/search-tabled-documents)  |
| Parliament of Victoria  | [Members of Parliament (Standards) Act 1978 - Register of Interests - Returns submitted by Members of the Legislative Council - Ordinary Return - 28 July 2022 - Vol 1 and Vol 2](https://www.parliament.vic.gov.au/council/tabled-documents/search-tabled-documents/parliamentary-papers/details/3/11506) | 2022/09/20  |
| Parliament of Victoria  | [Members of Parliament (Standards) Act 1978 - Register of Interests - Returns submitted by Members of the Legislative Council - Ordinary Return, 28 July 2022 - Additional Returns](https://www.parliament.vic.gov.au/council/tabled-documents/search-tabled-documents/parliamentary-papers/details/3/11502) | 2022/09/20  |

# Appendix B – Fact sheet

## Definition of Key Management Personnel (KMP)

KMP are those people with the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly i.e. those charged with decision-making responsibilities.

### KMP for the State

Cabinet is the principal decision making body of the government. All cabinet members will be considered KMP of the State.

KMP for departments and agencies

#### Portfolio Ministers

Portfolio ministers are responsible for the oversight of their relevant portfolio departments and entities. So, the Portfolio ministers will be considered KMP of their respective departments and agencies.

#### Relevant executives of the entity

In general, members forming an entity’s governing board have the strategic decision-making authority for the planning, directing and controlling of the overall activities of the entity. As a result, members of the governing board will typically be considered KMP of the entity.

**As a guide for departments**, KMP may include members of the Senior Executive Group (i.e. the Secretary and divisional Deputy Secretaries) as they are responsible for the delivery of the department’s services, and have the authority and responsibility for planning, directing and controlling the activities of the entity.

**As a guide for agencies**, KMP may include the Board of Directors and the executive management team, as they are considered to be ultimately responsible for planning, directing and controlling the activities of the entity. As the Board is the agency’s governing body, they are responsible for ensuring the entity’s strategic objectives are achieved, whilst the executive management team, who report to the Board, are responsible for the execution and authority of the day-to-day operations of the entity.

For executives or senior managers that have been delegated the operational authority for specific functions of the entity (i.e. Director of Human Resources or Assistant Director of Financial Reporting), they will **not** be considered as KMP for the purposes of AASB 124.

**Departments and agencies should exercise judgement to determine who will be considered a KMP based on the specific facts and circumstances, particularly given officer titles at departments and agencies can vary.**

**Attention should also be given to ‘de-facto’ decision makers. ‘De-facto’ decision makers are persons that are not party of the governing board, but have the strategic decision making authority.** If such persons exist, they will be considered as KMP and should be disclosed in accordance with AASB 124. It should be noted that while it is rare to have ‘de-facto’ decision makers in the public sector, departments and entities should undertake an assessment to determine whether the ‘de-facto’ decision makers exist or not.

## Definition of related parties

A related party is defined by the standard as a person or an entity that is related to the State controlled reporting entity that is preparing its financial statements.

This includes:

* KMP of the reporting entity or of the State, or
* a close family member of the KMP, or
* the KMP’s or their close family member’s personal related entities (for example, companies, partnerships, interest in joint ventures, etc).

Personal related entities include any entities that the KMP or their close family member:

* has significant influence of the entity; or
* the KMP or their close family member has control or joint control over the reporting entity.

**Close family members** are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

1. that person’s children and spouse or domestic partner;
2. children of that person’s spouse or domestic partner; and
3. dependents of that person or that person’s spouse or domestic partner.

‘Children’ include step, adoptive, dependent, non-dependent, adult children and children not living at home (unless they are estranged).

‘Spouse’ or ‘domestic partner’ includes married, de facto, civil union partnerships, but excludes separated or divorced spouses or partners.

Dependents are any family members who are financially supported by KMP, KMP’s spouse or domestic partner and may include siblings, parents, elderly dependents, such as grandparents, or disabled family members.

**It should be noted that while the definition of close family members does not specifically include siblings, parents and other extended family, it is expected that transactions with other family members outside the immediate family that the KMP is aware of are also taken into consideration for declaration on a case-by-case basis if the relationship can be reasonably expected to influence, or be influenced by the KMP dealing with the entity. This may include cousins, siblings and any other members of their extended family. This will be a matter of judgement by respective parties.**

**Significant influence** is having the power to participate in or ability to affect the financial and operating policy decisions of the KMP.

The Australian Accounting Standard indicates that **Control** is assessed on the achievement of the following three criteria,

**Having power over the investee;**

**Having exposure, or rights, to variable returns from its involvement with the investee; and**

**Having the ability to use its power over the investee to affect the amount of the investor’s return.**

**Joint control** is the contractually agreed sharing of control over an economic activity. An entity controlled or jointly controlled by KMP and KMP’s close family members means that KMP and/or any close family members have the ability or power to direct an entity’s relevant activities that can significantly affect its returns, and have rights or exposure to the financial and non-financial returns of the entity.

Types of entities include companies, partnerships, sole traders and trusts.

### Related parties for public sector entities

As all Cabinet ministers are considered KMP of the State, they are also related parties of the State and all its controlled entities (i.e. departments and agencies).

Assessment will need to be performed at the department and agency level to determine the related parties of executives who are KMP of the entity.

### What is a related party transaction

Under AASB 124, a related party transaction is any transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Examples of related party relationships include the following:

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| Related party relationships under AASB 124 include: * + - * + Close family members employed in a senior position by the Victorian Government. A senior position is a position that has decision making responsibility of a KMP.
				+ Any transactions by the KMP, close family members or a related entity that comprise of a contract or agreement with an entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of.
 |
| Cabinet Minister’s wife is the Secretary of a department  | Deputy Secretary’s son owns a company that has a contract to provide web design services to his department. |
| Portfolio Minister’s daughter-in-law is a board member of a PNFC entity within his portfolio. | Board member jointly owns a company that has made a significant acquisition of a block of land from the public sector agency he is a board member of.  |

Examples of related party transactions include the following:

| Related party transactions under AASB 124: * + - * + Any transactions by the KMP, close family members or related entity that comprise of a non-standard contract or agreement with the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of.
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| --- |
| Loans to/from the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. | Equity contribution from an entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of, to a related party entity. |
| Debts forgiven or partially forgiven by the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. | Collateral, indemnity or guarantee received from/given to the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. |
| Settlement of liabilities on behalf of you, your close family members or entities controlled or jointly controlled by you and your close family members, by the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. | Receipt/payment of ex-gratia payments or receipt of grants or subsidies greater than $5 000 (individually) from/to the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. |
| Receipt of dividend income from, or payment of dividends to, an entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. | Receipt/recognition of entitlement of interest income from or incurrence of interest expense to the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. |
| Lease of an asset to/from an entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. | Provision/purchase of goods/services to/from the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. |
| Purchase or sale of non-financial assets from/to an entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of e.g. land, buildings, intangibles. | Commitment to execute a transaction contingent upon whether an event occurs or does not occur in the future with the entity that you are a KMP of, or any entity controlled by the entity that you are a KMP of. |

### Transactions not required to be disclosed

**Typical citizen transactions are not required to be disclosed.** These transactions are where KMP or a KMP’s close family member interacts with a government entity in the capacity as a citizen. Some Commonwealth examples include paying personal tax or receiving tax refunds, receiving a social welfare benefit, receiving public health services, receiving education or student allowances, purchasing government bonds directly from the market, and obtaining a Medicare rebate when visiting the GP. Some State examples include land tax, stamp duty, council rates and parking fines.

### Disclosure threshold

Provision/purchase of goods and services with entities controlled by the State of Victoria means there will be a business agreement between (a) the KMP or their related party, and (b) the entity.

Assets include plant, equipment, land, buildings or businesses. It also includes intangible assets like rights, quotas, and research and development.

For transactions or contracts on standard terms and conditions of the State, KMP may apply a threshold of $100 000 to exclude declaring those transactions less than the threshold. However, KMP may choose to declare all transactions. For all other transactions or contracts, KMP are required to declare all transactions, regardless of the financial amount**.**

For example, where the entity has a standard contract with a KMP’s related party to provide IT equipment for a total value of $60 000 over 3 years, the contract is below the $100 000 threshold. The KMP may elect to not declare the transaction. However, if the contract is to provide services for a total value of $150 000 over 3 years, the contract amount is above the $100 000 threshold. The transaction must be declared even though the service amount each year of $50 000 is below the $100 000 threshold.

An example of a contract or agreement that is not on standard terms and conditions of the State is where the entity has a contract with a KMP’s related party to provide web design services for a total value of $25 000 over 2 years. The negotiations with the KMP’s related party has resulted in an upfront prepayment of the contract in one lump sum prior to any services being rendered, which is not consistent with current procurement terms of the State. As a result, the related party contract would need to be declared regardless of its total value.

### Declarations of interest

As part of management’s assessment of completeness, preparers are strongly encouraged to perform transactional searches for any other known related party transactions of their KMP. Entities can identify other related parties of the KMP from the declaration of personal interest forms that ministers and executives are required to complete annually.

#### Portfolio ministers

Members of the Victorian Parliament, must declare their personal interests under the *Members of Parliament (Standards) Act 1978*. These declarations form a register of members’ interest. A cumulative summary of the register is publicly available each September on the Parliament of Victoria website (<http://www.parliament.vic.gov.au/publications/register-of-interests>).

#### Executives

In accordance with the *Public Administration Act 2004* and the Code of Conduct for Victorian Public Sector Employees 2015, all executive officers (including public entity board appointees) are required to complete the entity’s *Declaration and management of private interest form* upon appointment, annually after appointment and within five working days after the employee’s circumstances change. Entities will need to liaise with their Human Resources Shared Services team (or departmental equivalent) to access these forms.

### Preparation of related party disclosure note

#### Accessibility of KMP declaration certificates

The information collected (declared) will enable departments and agencies to review the information received from their respective KMP to support drafting of the related party disclosures for the inclusion in the relevant departments and agencies related party note.

For 2019-20 the Department of Treasury and Finance (DTF) team will provide an overview and support role in facilitating the completion of the related party disclosures and ensuring consistency across the board.

##### Ministers

Cabinet ministers will return their certificates to the Department of Premier and Cabinet (DPC) via the individual department’s cabinet submissions team for referral to DTF.

Where related party transactions have been declared in the certificate, DTF will provide the required information to the relevant portfolio departments and agencies. **Note that preparers will need to provide a draft of any proposed related party disclosures to their portfolio minister(s) for approval, prior to finalising the note in their financial statements.**

Due to the sensitive nature of the data collected, all information collected from ministers should be stored in a secure manner. In most instances, we expect the information received from KMP will be de-identified as it will most likely be disclosed in aggregate, unless required to be disclosed separately and collated with other data for inclusion in relevant public sector entities’ financial statements, and tabled in Parliament.

##### Executives

Reporting entities will need to develop a similar internal process to co-ordinate the collection of executive KMP declaration certificates. The process will need to ensure that privacy is maintained and all documents are securely stored.

#### Materiality threshold

The accounting standards only require the disclosure of material related party transactions and outstanding balances. Materiality is subject to professional judgement and goes beyond the dollar value of the transaction or balance, as it could influence the economic decisions that users make.

However, it is important to note that all KMP should declare **all** relevant related party transactions, noting that typical citizen transactions are not required to be declared. A threshold of $100 000 may be applied for standard commercial related party contracts in an effort to ease the reporting burden on KMP. This is because a transaction that may appear immaterial on its own, may in combination with other like transactions have a material effect on the State’s, department’s or agency’s financial statements and warrants disclosure.

Items of a similar nature may **be disclosed in aggregate** except where separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the department or entity. Disclosures that related party transactions were made on terms equivalent to those that prevail in arm’s length transactions are made only if such terms can be substantiated.