Procedure to verify related party transactions

Parent policy
This document is a procedure supporting AHPRA’s position on Related Parties and Key Management Personnel under AASB 124 Related Parties.

Scope
This procedure sets out the roles and responsibilities for managing the process and provides direction for obtaining and completing the annual report disclosures required under the Standard.

In 2017 the Agency Management Committee (AManC) approved the following positions in relation to the Accounting Standard AASB 124 Related Parties for the AHPRA financial statements.

- Related Parties
  - The following entities are Related Parties for the purposes of the AHPRA annual report
    - Ministerial Council
  - The following entities are not Related Parties for the purposes of the AHPRA annual report
    - National Boards
- Key Management Personnel (KMP)
  - The following members are KMP for the purposes of the AHPRA annual report
    - AManC members
    - National Executive members
    - Individual Health Ministers
  - The following members are not KMP for the purposes of the AHPRA annual report
    - National Board members

This procedure sets out how to identify and disclose a transaction as a related party transaction where it occurs.

Related documents
- Declaration Statement
- Register of Key Management Personnel

Relevant legislation
- Health Practitioner Regulation National Law (as in force in each State and Territory)
- Australian Accounting Standards Board (AASB) 124 Related Party Transactions
Procedure

The following steps will happen to identify if a related party transaction exists.

1 **Process for Identifying a related party transaction for a KMP with AHPRA**

   **Declaration Statement (Phase 1)**

   In the first instance a declaration statement will be sought from all KMP’s. It is intended to receive all statements so they can be considered by the external auditors (e.g. VAGO) in their June visit each year and the timing in the procedure aligns to this.

   1.1 By 15 April each year a list of all relevant KMP’s including Ministers for the current period will be identified with their contact details. This includes all Health Ministers for each jurisdiction and the Commonwealth.

   1.2 The list of KMP’s includes any KMP during the year – even if it was for part of the year.

   1.3 In the first instance the list can be obtained from the Program Manager, Government Relations. For Ministers it is advised to validate this list including all contact details against the relevant jurisdiction websites.

   1.4 The Finance Profession Lead will update and confirm the content of the declaration statement by no later than 15 April each year including the online and manual forms.

   1.5 The statements will be sent to KMP’s including Ministers by the Finance Profession Lead with a return date no later than 15 May.

   1.6 Where statements are not received by the due date then Phase 2 will commence.

   **Validation from other sources (Phase 2)**

   1.7 For those KMP we have not received a statement declaration from by 16 May, we will then attempt to verify any related party transactions using other sources. These suggested sources are:

   1. **ASIC search**

   2. **ABN search**

   3. **Social media e.g. LinkedIn etc.**

   4. **Other AHPRA staff and Board Members E.g. State and Territory Managers**
2 Confirming KMP transactions

2.1 Once potential related party transactions have been identified through Phase 1, the Manager financial accounting will assess accounting ledger for potential transactions. This will include a review of all supplier transactions.

2.2 Any transactions identified will be presented to the Finance Profession Lead for confirmation as to whether they meet the requirements for disclosure.

2.3 Where a transaction meets the requirement for disclosure, the KMP will be provided by the Finance Profession Lead with a copy of the proposed disclosure note for the opportunity to provide feedback prior to confirming the disclosure. This is to ensure a no surprises approach to any disclosure being made.

2.4 All disclosures will form part of the annual financial statements and any disclosures will follow the same process for the approval of the annual financial statements.

3 Identifying a related party transaction between another entity and AHPRA.

3.1 The Manager financial accounting will assess the accounting ledger for any transactions between entities identified as related parties.

3.2 Any transactions identified will be presented to the Finance Profession Lead for confirmation as to whether the transaction meets the requirements for disclosure.

3.3 All disclosures will form part of the annual financial statements and any disclosures will follow the same process for the approval of the annual financial statements.

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