

Related Party Disclosures

Strathcona County's implementation of the new accounting standard: PS 2200 Related Party Disclosures

November 6, 2018

New Accounting Standard

- Effective for the December 31, 2018 year-end
- PS 2200 Related Party Disclosures defines a related party and establishes disclosures for related party transactions
- Corporate Finance must develop a process to identify related party transactions to assess if disclosure is required in the County's annual financial statements

Proposed Policy

- In order to obtain information from Council, a policy is required
- This standard and policy are only focused on gathering information to consider for disclosure
- Other policies guide whether or not a transaction is appropriate or is a conflict of interest

Who is impacted?

Key Management Personnel are impacted. Key Management Personnel have been determined to be:

- Council
- Chief Commissioner
- Associate Commissioners
- Chief Financial Officer

Please note: this determination is subject to periodic evaluation and may change

The Declaration Process

- Impacted individuals will be asked to fill in a “Key Management Personnel Related Party Transaction Declaration”
- The declaration will be filled out annually
- The declaration contains step by step instructions on how to identify your related parties and how to declare any transactions

Step 1: Identify your related parties

- What other organizations are you involved with?
 - Do you sit on any boards in a personal capacity?
 - Do you sit on any boards as a representative of the County?
 - Do you own any companies?
 - Are you employed elsewhere?
- What organizations are your close family members involved with?
 - Where are your close family members employed?
 - Do your close family members sit on any boards?
 - Do your close family members own any companies?

Step 2: Identify related party transactions

Have there been any transactions between those individuals and entities identified as related parties in **Step 1** and the County (including the Library and Pioneer Housing Foundation) in this calendar year?

Step 3: Consider the circumstances of the transactions

For the transactions that you are aware of as identified in **Step 2**, please consider if they occurred in the normal course of business or if there were unique or unusual terms or conditions.

Examples of transactions having unique or unusual terms or conditions include, but are not limited to:

- Higher or lower price(s) than market or typical rates;
- Transactions not compliant with the County's or other organizations' procurement processes; and
- Agreements with unusual stipulations, requirements, timelines, etc.

Step 4: Declaration

- Declare the required information and sign

Transaction		
Step 1	Nature of Relationship	
Step 2	Details of Transaction(s)	
	Total Dollar Amount of Transaction(s)	
	Total Dollar Amount Committed but not paid at December 31, 2018, if applicable	
Step 3	Did the transaction(s) have any unique or unusual terms or conditions? If so, please describe.	

- Or check ☒ that you do not have any related party transactions to declare and sign

Declaration Completion

- If assistance is required when completing the declaration, help will be provided to address any questions or individual circumstances

What happens next?

- After you fill out your declaration, Corporate Finance will review identified transactions (if any)
- If Corporate Finance requires more information, they will follow up with you directly
- Corporate Finance requires this information to determine if any transactions need to be disclosed in the County's annual financial statements

Disclosure

- Disclosure of a Related Party Transaction is based on consideration of:
 - whether the transaction has occurred at a different value than would have been arrived at had the parties not been related,
 - the significance of the transaction, and
 - its effect on the financial statements.

Please note: professional judgement will be applied in each and every circumstance

- If disclosure is required, Corporate Finance will notify you in advance and will ensure you see a copy of the disclosure before it is included in the County's annual financial statements

Questions?