Financial Code of Conduct - Related Parties Disclosure for Victoria University and its Subsidiaries Procedure

Section 1 - Summary

(1) The objective of this Procedure is to provide guidance for determining who are the related parties of the Group (University and its subsidiaries); and to disclose related party transactions in the Group's General Purpose Financial Statements to comply with the Australian Accounting Standard (AASB) 124 Related Party Disclosure (Cth) including the Australian Implementation Guidance for Not-For-Profit Public Sector Entities (AASB 124), the Governance Standards of the Australian Charities and Not-for-Profit Commission (ACNC) (Cth) and Financial Reporting Directions and Guidance (FRD) 21.

Section 2 - Scope

(2) This Procedure applies to all related parties who have the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

Section 3 - Policy/Regulation

(3) Financial Code of Conduct Policy

Section 4 - Procedures

Part A - Summary of Roles and Responsibilities

Role	Responsibility
Corporate Finance Services Team	Ensure that this Procedure complies with AASB 124 Related Party Disclosure, including the Australian Implementation Guidance for Not-For-Profit Public Sector Entities (AASB 124), the Governance Standards of the Australian Charities and Not-for-Profit Commission (ACNC) (Cth) and Financial Reporting Directions and Guidance (FRD) 21. Ensure the KMP of the Group complete and submit "Declaration of Private Interests Form". Keep an up-to-date register of related party transactions, capturing and recording information for each existing or potential related party transaction during a calendar year.
Key Management Personnel (KMP) of the Group	Responsible for familiarising themselves with the requirements of this Procedure and responsible for acting in compliance with this Procedure at all times in their conduct as a KMP.

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Part B - Procedures

Related Parties

(4) A related party is a person or entity that is related to the Group. The following are related parties of the Group:

a. Key Management Personnel (KMP) which includes the University Council, the Vice-Chancellor's Group, and VU Online's board members and executive officers;
b. Close family members of KMP;
c. Any entities controlled or jointly controlled by KMP or their close family members; and,
d. Subsidiaries, associate or joint venture of KMP.

(5) The Corporate Finance Services team will establish, review and maintain a list of Key Management Personnel of the University.

(6) KMPs (or those acting on those positions) are required to make a self-assessment and complete an annual declaration outlining entities, if any, that are controlled or jointly controlled by the KMP or their close family member/s. Close family member/s are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

a. that person's children and spouse or domestic partner;
b. children of that person's spouse or domestic partner; and,
c. dependants of that person or that person's spouse or domestic partner.

(7) Other parties may be assessed from time to time as being related parties due to changes to organisation's structure or to legislative or accounting standard changes.

(8) Declaration must be provided by 31 December to cover the reporting period 1 January to 31 December. It is the responsibility of the KMP to update their declaration should they become aware of a change, error or omission.

University entities and subsidiaries

(9) For the purposes of AASB 124, entities controlled by the University, jointly controlled by the University or which the University has significant influence over, are considered related parties of the University. Transactions with these entities must be identified and disclosed in the University's annual financial statements.

(10) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, Financial Reporting Directions and Guidance (FRD) 21 and the Department of Education Financial Statement Guidelines for Australian Higher Education Providers must be considered when assessing whether the University has control or joint control over an entity.

Entities controlled (or jointly controlled) by KMP or close family members

(11) The KMP will exercise their best judgement in identifying and declaring related parties. They must diligently assess the information before declaring an entity over which they, or a close family member of the family, have control or joint control. Entities include trusts, companies, joint ventures, partnerships and not for profit organisations, such as sporting clubs.

Identifying and disclosing related party transactions

(12) In accordance with AASB 124 and the Department of Education Financial Statement Guidelines for Australian Higher Education Providers, the University is required to disclose in its general purpose financial statements information pertaining to related party transactions, with, amongst others, the following personnel during the period covered by the financial statement:

a. Key Management Personnel;
b. Other related parties, including:
    i. a close family member of a KMP;
    ii. entities controlled or jointly controlled by a KMP; and,
    iii. entities controlled or jointly controlled by a close family member of a KMP.

(13) All transactions between the University and related parties, monetary and non-monetary, must be identified.

(14) The following related party transactions must be declared annually:

a. Transactions with University subsidiaries, by transaction type.
b. Total KMP compensation, including:
    i. short-term employee benefits;
    ii. post-employment benefits;
    iii. other long-term benefits;
    iv. termination benefits; and,
    v. share-based payments
c. Transactions with other related parties, including:
    i. purchases or sales of goods (finished or unfinished);
    ii. purchases or sales of property and other assets;
    iii. rendering or receiving of services;
    iv. leases;
    v. transfers of research and development;
    vi. transfers under licence agreements;
    vii. transfers under finance agreements (including loans and equity contributions in cash or in kind);
    viii. provision of guarantees or collateral;
    ix. commitments; and,
    x. settlement of liabilities on behalf of the entity, or by the entity on behalf of that related party.
d. Transactions of a similar nature will be disclosed in aggregate except when separate disclosure is necessary for an understanding of a related party transaction on the financial statements of the University, having regard to the following criteria:
    i. the nature of the related party transaction;
    ii. the significance of the transaction (individually or collectively) in terms of the size or value;
    iii. whether the transaction is carried out on arms-length terms; and,
    iv. whether the nature of the transaction is outside normal day-to-day business operations.
e. Outstanding balances in relation to transactions with related parties, including:
    i. entities controlled by KMPs; and,
    ii. bad or doubtful debts in respect of amounts owed by related parties.
f. Non-monetary transactions such as use of facilities, peppercorn rents.

Register of Related Party Transactions

(15) The Corporate Finance Services team are responsible for maintaining and keeping an up-to-date register of related party transactions, capturing and recording information for each existing or potential related party transaction during a calendar year.

(16) The contents of the Register must include details of each related party transaction, including:

a. the name of the related party;
b. the description of the related party transaction;
c. the nature of the related party's relationship with the University; and,
d. whether the disclosed related party is existing or potential.

(17) The assessment of the above-stated related party transactions and the disclosure of transactions that are assessed to be material in the University's annual financial statements is the responsibility of the Corporate Finance Services team. This assessment process includes:

a. performing transaction query in Finance One and identifying all the transactions including, completed, outstanding and commitments between the University and the declared parties;
b. reviewing any applicable contracts that relate to the goods and services provided between the University and the related parties and ensure that transactions have been transacted on an arm's length basis;
c. determining materiality; and,
d. disclosing material related party transactions in the annual financial statements.

(18) AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors define an item as material if omission or misstatement could influence the economic decisions of users of the financial statements.

Ordinary Citizen Transactions

(19) Transactions considered ordinary citizen transactions are excluded from disclosure requirements. These include:

a. valid discounts and fee waivers that are available to the related party as an ordinary citizen and is available to any other ordinary citizen;
b. any service or benefit provided as part of standard University business operation to the party as an ordinary citizen and is available to any ordinary citizen in the same circumstance;
c. transactions that are assessed non-material, which may include attending University functions that are open to the public; joining the University gym by paying a normal membership fee, paid by students, staff and the general public. These transactions are related party transactions however, they are not material and users of the financial statements would not be interested in these transactions.

Privacy of information

(20) The information collected from the University's KMP will be retained, stored and disclosed in accordance with the University's Privacy Policy and Privacy Procedure. Related party transactions that are assessed and considered material will be disclosed in the University's annual financial statement and in accordance with AASB 124 Related Party Disclosures.

Section 5 - HESF/ASQA/ESOS Alignment

(21) HESF: Standard 6.1 Corporate Governance.

(22) Outcome Standards for NVR Registered Training Organisations 2025: Standard 4.3 Risk Management. Compliance Standards for NVR Registered Training Organisations and FPP Requirements 2025: Standard 20 Compliance with Laws.

Section 6 - Definitions

(23) Arm's length transaction

(24) Close family members: Close family members are people who can be expected to influence or be influenced by key management personnel. This includes but is not limited to spouse or partner, children and dependents, children and dependents of spouse or partner and other family members. Other family members that would expect to influence or be influenced by KMP are included as close family members.

(25) Group: The University and its subsidiaries are referred to in this Procedure as the Group.

(26) Key Management Personnel (KMP): People that have authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

(27) Ordinary Citizen Transactions: Transactions that are made on an arm’s length basis between the Group and key management personnel and close family members that an ordinary citizen of the community would transact with the Group.

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Status and Details

Status	Current
Effective Date	29th November 2022
Review Date	29th November 2028
Approval Authority	Chief Financial Officer
Approval Date	29th November 2022
Expiry Date	Not Applicable
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Glossary Terms and Definitions

"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.

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