

RELATED PARTIES POLICY

Purpose: The IMPACT Community Academy is committed to conducting its business in accordance with the school's Codes of Conduct, Conflicts of Interest Policy, and the principles of good governance to ensure that it complies with the government funding eligibility criteria in the *Education (Accreditation of Non-State Schools) Act 2017*. To continue to be eligible for government funding, IMPACT Community Academy cannot enter into a "prohibited arrangement" in relation to the operation of the school. IMPACT Community Academy must ensure that it has appropriate protocols in place for managing relationships with related parties.

Scope: IMPACT Community Academy Board members and staff.

Authorised by: ICA Board **Version No: 20240812**

References:

- [Education \(Accreditation of Non-State Schools\) Act 2017 \(Qld\)](#)
- [Education \(Accreditation of Non-State Schools\) Regulations 2017](#)
- [Corporations Act 2001](#)
- [ICA004 Employee Code of Conduct](#)
- [ICA-POL001 Conflicts of Interest Policy](#)
- [ICA-POL017 Whistleblower Policy \(to be written\)](#)
- [ICA-POL018 Fraud and Corruption Control Policy](#)

Review Date: Annually **Next Review Date: 20250812**

Policy Owner: IMPACT Community Academy – Board of Directors

1. DEFINITIONS

For the purposes of this policy:

Prohibited Arrangement¹ – A prohibited arrangement is a contract or arrangement in relation to a school:

- entered into by a school's governing body or proposed governing body and another entity not dealing with each other at arm's length; and
- that is not, or will not be, for the benefit of the school.

A contract or arrangement is not, or will not be, for the benefit of the school if the contract or arrangement is for property, goods, or services –

- at more than reasonable market value; or
- that is not required to advance the school's philosophy and aims, as stated in the school's statement of philosophy, and aims.

¹ *Education (Accreditation of Non-State Schools) Act 2017 s8*

Related Party² – An entity with which there is a direct or indirect connection between the school governing body and that entity, that could reasonably be expected to compromise the independence of the governing body when making financial decisions.

Reasonable Market Value

Reasonable market value can be broadly defined as the amount that a knowledgeable and willing third party would pay for a specific good or service in an arm's length transaction from the seller.

It is generally expected that a reasonable businessperson would seek to:

- a) maximise the price received for supplying property or services, taking into account their business strategy, economic and market circumstances and minimise the costs associated with acquiring property or services; and
- b) be adequately rewarded for any activities carried out.

2. POLICY STATEMENT

In order to ensure that the IMPACT Community Academy conducts its business in accordance with the *Education (Accreditation of Non-State Schools) Act 2017*, its **ICA004 Employee Code of Conduct**, **ICA-POL001 Conflict of Interest Policy** and the principles of good governance, IMPACT Community Services policy is that:

- a. All contracts and arrangements with another entity in relation to the school should be conducted on an arm's length basis.
- b. The process surrounding contracts, arrangements and transactions must be transparent and fully documented.
- c. Board approval must be obtained for all Related Party Transactions and payments recognising that the board can delegate this approval in respect of a class of transactions and on such terms and conditions as the board sees fit.
- d. IMPACT Community Academy may reimburse IMPACT Community Academy governing body members for reasonable expenses incurred as a necessary part of conducting school business, however reimbursed expenses should be supported by appropriate documentation. Members of IMPACT Community Academy governing body who also hold a paid role within the school, such as the principal or a teacher, are to be remunerated exclusively in relation to their employment within the school and not their position on the IMPACT Community Academy governing body.

A Related Party Transaction is any transaction (other than a Prohibited Arrangement) between the IMPACT Community Academy and a related party. The term Related Party Transaction, as used in this policy, is very broad and encompasses virtually all transactions or arrangements under which the IMPACT Community Academy provides a financial benefit to a Related Party. In determining whether a transaction is a Related Party Transaction, a broad interpretation should be given to who is a Related Party and to the types of transactions which may be caught.

The following should be considered in assessing whether a transaction is a Related Party Transaction:

- a. Is the transaction or arrangement with a Related Party?
- b. Is there a financial benefit being received by the Related Party?

² *Education (Accreditation of Non-State Schools) Act 2017 s10(d)*

2.1. Financial Benefit

The concept of 'financial benefit' is very wide and extends to advantages and benefits given indirectly through other entities, informal and non-binding arrangements and benefits other than for cash.

Transactions between IMPACT Community Academy and a Related Party for which reasonable remuneration has been approved in accordance with this policy is excluded from the definition of 'financial benefit'.

A financial benefit includes (but is not limited to) the following:

- a. a party providing finance or property to a Related Party.
- b. buying or leasing an asset from or selling an asset to a Related Party.
- c. supplying or receiving services from the Related Party.
- d. taking up or releasing an obligation of the Related Party.
- e. provision of a direct or indirect benefit to the Related Party.

2.1. Entering into a Transaction

- a) The relevant responsible officer must inform the IMPACT Community Academy's Company Secretary about the proposed transaction, including:
 - i. the proposed parties.
 - ii. how they are related.
 - iii. details of the proposed transaction.
 - iv. evidence that conflicts of interest with a related party are being appropriately managed in relation to IMPACT Community Academy operations.
 - v. evidence of compliance of dealing with each other at arm's length.
- b) The IMPACT Community Academy's Company Secretary will review the transaction and may take external legal advice where appropriate in considering the transaction.
- c) The IMPACT Community Academy's Company Secretary will inform and advise the board of the proposed transaction and obtain the relevant approval.

2.2. Approval to undertake a transaction

- a) Where the transaction is considered not to be at arm's length, the relevant Approver will determine whether an exemption applies so as to permit the Related Party Transaction to proceed, and together with the IMPACT Community Academy's Company Secretary, ensure that if the transaction is proceeded with, it is carried out in a manner that is compliant with the IMPACT Community Academy's Code of Conduct and all relevant policies.
- b) The IMPACT Community Academy's Company Secretary will maintain a Register of Related Party Transactions.
- c) Where approval is obtained, the transaction must proceed in accordance with any procedures and conditions outlined by the Board.

2.3. Approval exemption for a proposed Related Party Transaction

All proposed Related Party Transactions will require **approval** unless an **exemption** applies to that transaction. The relevant approvers must determine whether the proposed Related Party Transaction meets the conditions for approval and, where those conditions are not met, whether an exemption applies to that transaction.

For the purpose of this policy, the relevant approvers are:

- a) the principal for transactions with a value of up to \$20,000.
- b) the Board for transactions greater than \$50,000.

2.4. Does the proposed Related Party Transaction meet the conditions for approval?

The relevant approver (as specified above) may approve a proposed transaction where they determine that the transaction meets are of the following criteria:

- a) the transaction is at arm's length.
- b) the transaction is in the best interests of the IMPACT Community Academy.
- c) the transaction is assessed by the Business Manager not to carry any significant risk issues (commercial or reputational) for the company.
- d) the transaction is in the ordinary course of the IMPACT Community Academy's business.
- e) if publicly disclosed, there is not anticipated to be any material criticism or adverse comment in respect of that transaction.

2.5. Does the exemption apply to a proposed Related party Transaction?

The relevant approver (as specified above) may approve a proposed transaction where they determine that an exemption applies to the proposed Related Party Transaction.

For the purpose of this policy, an exemption applies where one or more of the following conditions apply to the proposed Related Party Transaction, as determined by the relevant approver:

- a) The transaction involves conferring a financial benefit that constitutes reasonable remuneration for expenses.
- b) The transaction is comprised of conferring benefits that are provided to all members of the same category of key personnel (by reference to level of seniority or nature of appointment, as appropriate).
- c) The transaction is comprised of providing financial benefit to a Related Party under a Court order.

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