

Related Party Disclosure Board Procedure

This procedure is governed by its parent policy.
Questions regarding this procedure are to be
directed to the identified Procedure Administrator.

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| Board Procedure No. | 1.6 |
| Functional category | Board |
| Parent policy | Board Policy No. 1 – Board Policies are our Primary means of Governance |
| Approval date | March 6, 2025 |
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| Procedure owner | Board of Governors |
| Procedure administrator | Board Coordinator |

1. Overview

NorQuest College's Board members act with the highest standards of conduct. Establishing procedures that assist Board members to understand purposes associated with related party relationships and transactions, NorQuest College (College) and NorQuest College Foundation (Foundation) are required to comply with accounting practices that are outlined in the *Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting (PSA) Handbook* Section PS2200 Related Party Disclosures and PS3420 Inter-entity Transactions.

Authority to establish this procedure is derived from the [NorQuest College Board of Governors Policy No. 1 – Board Policies are Our Primary Means of Governance](#).

2. Procedure

The College's key management personnel (KMP) are required to declare significant transactions involving themselves or their family with entities or individuals connected to the college.

KMP are those individuals having authority and responsibility for planning, directing and controlling the activities of the entity (PS2200.05(c)). In NorQuest, KMP are typically the individuals whose salaries and benefits are required to be disclosed in financial statements, including:

- a) Members of the Board of Governors of NorQuest College;
- b) Directors of the Board of Directors of NorQuest College Foundation;
- c) President and CEO and Vice Presidents of the College; and
- d) Other individuals whose salaries and benefits who have authority and responsibility for planning, direction and controlling the activities of the college (PS 2200.10).

2.1 Declaration of Key Management Personnel (KMP) Transactions

The Vice President, Administration and Chief Financial Officer (CFO), will request that KMP (including the Board of Governors) complete and return the [Key Management Personnel Declaration Statement](#) form on an annual basis. As per the requirements laid out in Section PS 2200.12-13 of the *Public Sector Accounting Standards*, if a KMP identifies a close family member that has a relationship with the College, that family member may be requested to complete and return the [Close Family Member Declaration Statement](#) when there is a material financial effect on the organization. The declaration statements are to be completed based on the transactions that have occurred in that fiscal year.

2.2 Related Party Disclosure Procedure Confirmation

As outlined in Board Procedure 1.4 – Conflict of Interest, annually and upon appointment to the Board of Governors, Board members are to confirm in writing that they have read, understand and will follow the Code of Conduct Policy, Conflict of Interest Procedure and Related Party Disclosure Procedure by completing the Code of Conduct Disclosure form.

2.3 Disclosure of Related Party Transactions

The CFO reviews the completed Declaration Statements and determines if disclosure of related party transactions is required in financial statements.

The College maintains lists of suppliers and customers having transactions with the College and the Foundation. The College (through the CFO) identifies if any of the entities on the list are a related party and determines if disclosure of related party transactions is required in financial statements. A transaction between related parties is to be disclosed if:

- a) The transaction occurred at a value different from that which would have been arrived at if the parties were unrelated; and
- b) The transaction has or could have a material financial effect on the financial statements.

Disclosure, if required, is to include:

- a) Nature of the relationship with related parties involved in related party transactions;
- b) The types of related party transactions that have been recognized;
- c) The amounts involved;
- d) The basis of measurement used;
- e) The amount of outstanding balances and the terms and conditions attached to them;
- f) Contractual obligations and contractual rights with the related parties;
- g) Contingent liabilities and contingent assets involving related parties; and
- h) The types of related party transactions that have occurred for which no amount has been recognized (e.g. legal and accommodation costs).

Disclosure of related party relationships and transactions is in accordance with the *Freedom of Information and Protection of Privacy (FOIP) Act* for the purposes of complying with the *Chartered Professional Accountants Act of Alberta*.

3. Definitions

Close family member(s): an individual's spouse as defined in Section 28(1) (zz.1) of the *Alberta Interpretation Act* and those dependent on either the individual or/and the individual's spouse.

Commonly Controlled Entities: all public sector entities that comprise a government's reporting entity.

Control: As per the Chartered Professional Accountants of Canada Public Sector Handbook, PSAS 2200.05(b) is the power of a public sector entity to govern the financial and operating policies of another entity with expected benefits or the risk of loss to the public sector entity from the other's activities.

Key Management Personnel: individuals having authority and responsibility for planning, directing and controlling the activities of the entity.

Related Party: a related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control or shared control. Related parties also include key management personnel and close family members.

A related party can be an entity or an individual. From the perspective of the entity that is reporting, parties related to it typically include those:

- a) Entities that control it, share control of it or it controls;
- b) Entities that are subject to common control;
- c) Entities that it shares control of with other commonly controlled entities;
- d) Entities that are subject to shared control by other commonly controlled entities;
- e) Entities that it shares control of with other entities;
- f) Entities that are subject to shared control by other commonly controlled entities and other entities;
- g) Individuals who are members of key management personnel or close family members of those individuals; and
- h) Entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual (PS2200.06-07).

Related Party Transaction: a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related

party. These transfers are related party transactions whether or not there is an exchange of considerations or transactions have been given accounting recognition. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

Shared Control: occurs when two or more entities are bound by a contractual arrangement that specifies the agreed sharing of the ongoing power to determine financial and operating policies.

4. Related Information

4.1 NorQuest College

- [Board Policy No. 1 – Board Policies are Our Primary Means of Governance](#)
- [Board Policy No 8 – Code of Conduct](#)
- [Board Policy No. 10 – Bylaws of the Board of Governors](#)
- [Board Procedure 1.4 – Conflict of Interest](#)
- [Financial Management Policy](#)
- [Employee Related Party Disclosure Procedure](#)

4.2 External

- CPA Canada PSA Handbook Section PS2200 Related Party Disclosures
- CPA Canada PSA Handbook Section PS3420 Inter-entity Transactions
- Government of Alberta Office of the Controller corporate accounting policy: Related Party Transactions

5.0 Next Review Date

February 2029

This procedure will be reviewed at least once every four years.

6.0 Revision History

| Date | Version | Action |
|---------------|---------|--|
| October 2017 | V1 | New |
| February 2020 | V2 | Reviewed |
| February 2022 | V3 | Revised |
| February 2025 | V4 | Reviewed and updated to align with current practices |